

CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTORY SECTION

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February 10, 2014

The Honorable Mayor, Members of City Council
and Citizens of the City of Leon Valley:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Leon Valley financial statements have been audited by ABIP, P.C., a firm of licensed certified public accountants. They have issued an unqualified “clean” opinion on the City of Leon Valley’s financial statements for the year ended September 30, 2013. The independent report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1952, is a residential community located in south central Texas in the northwest portion of the San Antonio Metropolitan Statistical Area. The City is located in Bexar County, Texas. Bexar County’s economy is based on military, tourism, agriculture, limestone mining, medical facilities, and manufacturing. The City has a land area of 3.5 square miles and is surrounded on all sides by the City of San Antonio. Most City residents are employed within the greater San Antonio Metropolitan Statistical Area. A full range of services is provided to residents and businesses, including police and fire protection, construction and maintenance of streets and infrastructure, recreational activities, and water and sewer utilities. The City population based upon the 2010 census is 10,866. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City’s property tax rate is average compared to the rest of Bexar County.

The City is operated under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a five-member council. The Council is elected on a non-partisan basis at large. Council members are elected to two-year staggered terms. The Mayor is elected at large to a two-year term. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and the hiring of a City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City maintains extensive budgetary controls. The objective of these controls is to ensure the proper safeguarding of City assets, compliance with State budgetary statutes and compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Water and Sewer (Enterprise) Fund, Community Center Fund, Building Security Fund, Child Safety Fund, Municipal Court Technology Fund, Street Maintenance Tax Fund, Police Forfeiture Fund, Grant Fund, CIED Fund, and Capital Project Fund are included in the City's annual budget. The Capital Projects Fund activities are expected to extend beyond one or more fiscal years, and are therefore budgeted on a project-by-project basis. Federal, State, and local grants are budgeted for at the time of grant acceptance.

The annual budget serves as the foundation for the City of Leon Valley's financial planning and control. Generally the City has a policy of funding current year operating expenditures with current operating revenues. Capital purchases are funded from the Unassigned Fund Balance. All agencies of the City of Leon Valley are required to submit requests for appropriation to the City Manager on or before the first week in May each year. The City Manager then presents this proposed budget to the Council for review in July. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of Leon Valley's fiscal year.

The City has adopted financial policies for budgetary control that is stricter than is required by law. The appropriated budget is prepared by fund, department (e.g. police), and function (e.g. patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 51-53 as required supplemental information for the governmental funds.

LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Leon Valley operates.

The City of Leon Valley has experienced an economic upturn as far as sales tax over the past few fiscal years and property values are demonstrating an increase in value. The region's leading industries, in terms of gross sales for the City, are auto dealers/gasoline service stations and food stores; a significant portion of sales for these businesses is not subject to local sales taxes.

LONG-TERM FINANCIAL PLANNING

In FY 2011 the City implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions and formally adopted a Fund Balance Policy. The Fund Balance Policy adopted by the City will be the framework upon which consistent operations may be built and sustained. For man-made or natural disaster emergencies the City will strive to have a Committed Fund Balance that is equal to three months operating expenses based on the current operating budget. For the fiscal year that ended September 30, 2013, the Committed Fund Balance was \$900,000. Each January the policy will be reviewed and the Committed Fund Balance will be adjusted up or down based on the annual operating budget, available funds and necessity.

The City also maintains a five-year Capital Acquisition Plan (CAP) to provide for capital outlay expenditures. Each fiscal year, the CAP is reviewed and analyzed by the City Manager and City staff to determine needs for office and other machinery and equipment, vehicles, buildings and building improvements, land, and other improvements. The five-year CAP is authorized by City Council during the City's annual budget adoption process. As items are funded only when deemed necessary, capital outlay details and amounts vary between budget years. The plan is funded from the Unassigned Fund Balance.

AWARDS AND ACKNOWLEDGEMENTS

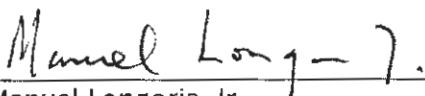
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leon Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

We would like to extend our sincere thanks and appreciation to the finance department, and all City staff and department heads who helped in the preparation of this report. A special thanks goes to our Mayor and City Council for their strong leadership and support, their sense of civic duty and responsibility, and their diligence in conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Manuel Longoria, Jr.
City Manager



Vickie Wallace
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Leon Valley
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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CITY OF LEON VALLEY, TEXAS
LIST OF PRINCIPAL OFFICERS
YEAR ENDED SEPTEMBER 30, 2013

Elected Officials

Chris Riley, Mayor

Councilmember Place 1
Councilmember Place 2
Councilmember Place 3
Councilmember Place 4
Councilmember Place 5

Ricardo Ruiz
Arthur "Art" Reyna, Jr.
Abraham Diaz
Jack Dean
Paul Biever

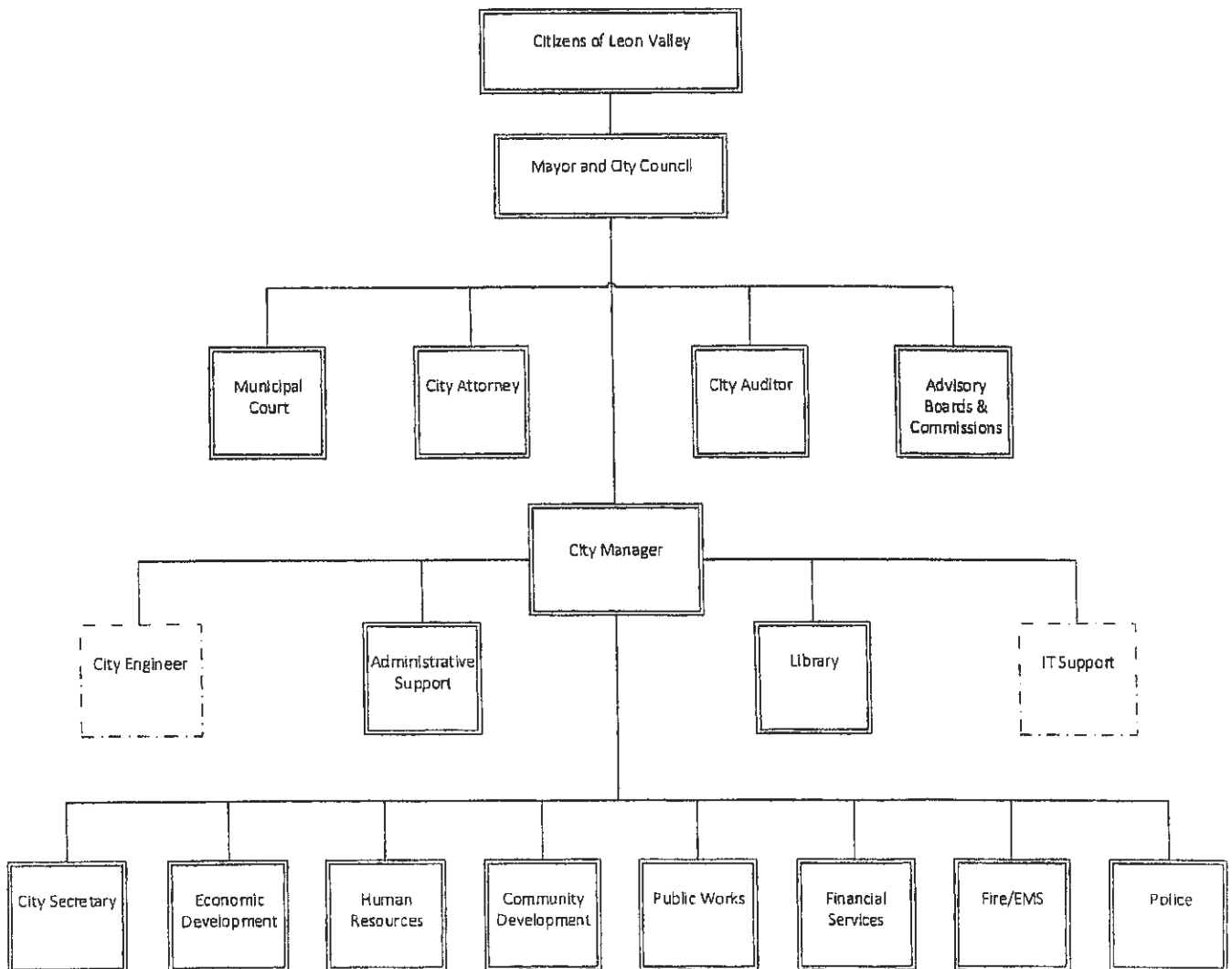
City Officials

Manuel Longoria, Jr., City Manager

Interim City Secretary
Finance Director
Community Development Director
Economic Development Director
Police Chief
Fire Chief
Librarian
Public Works Director

Leticia Callanen
Vickie Wallace
Kristie Flores
Claudia Mora
Randall Wallace
Luiz Valdez
Joyce Trent
Melinda Smith

City of Leon Valley Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Leon Valley, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2013, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of September 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 14 and pages 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Leon Valley, Texas's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

ABIP, P.C.

Certified Public Accountants

San Antonio, Texas

February 10, 2014

CITY OF LEON VALLEY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

As management of the City of Leon Valley, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2013 by \$19,790,997 (net position). Of this amount, \$8,325,846 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The general fund reported a fund balance this year of \$3,652,107, an increase of \$336,666.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as the introduction of the City of Leon Valley, Texas' basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements and required supplementary information.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business financial presentation.

The statement of net position is a presentation of the City's assets and liabilities, including capital and infrastructure assets, and long-term liabilities. This statement reports the difference between assets and liabilities as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information regarding increases and decreases to the government's net position for the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of cash flows. Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, parks and recreation, library and community development. The business-type activities of the City are water and sewer. The City has one component unit which is a 4B Economic Development Corporation.

Fund Financial Statements – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three types: governmental, proprietary, and fiduciary. However, the City does not have any fiduciary funds.

Governmental Funds – Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available for current spending, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the provision of water and sewer services to residents.

Proprietary fund financial statements provide separate and more detailed information for the water and sewer fund. The water and sewer fund is considered a major fund of the City.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on the City's general fund budget, which is adopted on an annual basis. A budgetary comparison statement has been provided for this fund in order to demonstrate budgetary compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a comparative summary of the governmental activities and business-type activities as required by GASB Statement No. 34:

STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2013 (With Comparative Totals for September 30, 2012)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
<u>ASSETS</u>						
Current Assets	\$14,221,136	\$12,569,705	\$3,208,979	\$3,028,094	\$17,430,115	\$15,597,799
Capital Assets	9,178,642	8,831,723	3,867,460	3,998,041	13,046,102	12,829,764
TOTAL ASSETS	<u>\$23,399,778</u>	<u>\$21,401,428</u>	<u>\$7,076,439</u>	<u>\$7,026,135</u>	<u>\$30,476,217</u>	<u>\$28,427,563</u>
<u>LIABILITIES</u>						
Current Liabilities	\$ 949,448	\$ 783,858	\$ 263,974	\$ 254,948	\$ 1,213,422	\$ 1,038,806
Long-Term Liabilities	9,423,052	9,872,446	48,747	44,614	9,471,799	9,917,060
Total Liabilities	<u>10,372,499</u>	<u>10,656,304</u>	<u>312,721</u>	<u>299,562</u>	<u>10,685,220</u>	<u>10,955,866</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	6,374,117	5,934,633	3,867,460	3,998,041	10,241,577	9,932,674
Restricted Net Position	157,074	101,677	1,066,500	762,316	1,223,574	863,993
Unrestricted Net Position	6,496,088	4,708,814	1,829,758	1,966,216	8,325,846	6,675,030
Total Net Position	<u>13,027,279</u>	<u>10,745,124</u>	<u>6,763,718</u>	<u>6,726,573</u>	<u>19,790,997</u>	<u>17,471,697</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$23,399,778</u>	<u>\$21,401,428</u>	<u>\$7,076,439</u>	<u>\$7,026,135</u>	<u>\$30,476,217</u>	<u>\$28,427,563</u>

The largest portion of the City's net position, \$10,241,577 represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Leon Valley, Texas uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the other net position, \$1,223,574 represents resources that are subject to external restrictions on how they may be used. The remaining \$8,325,846 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.

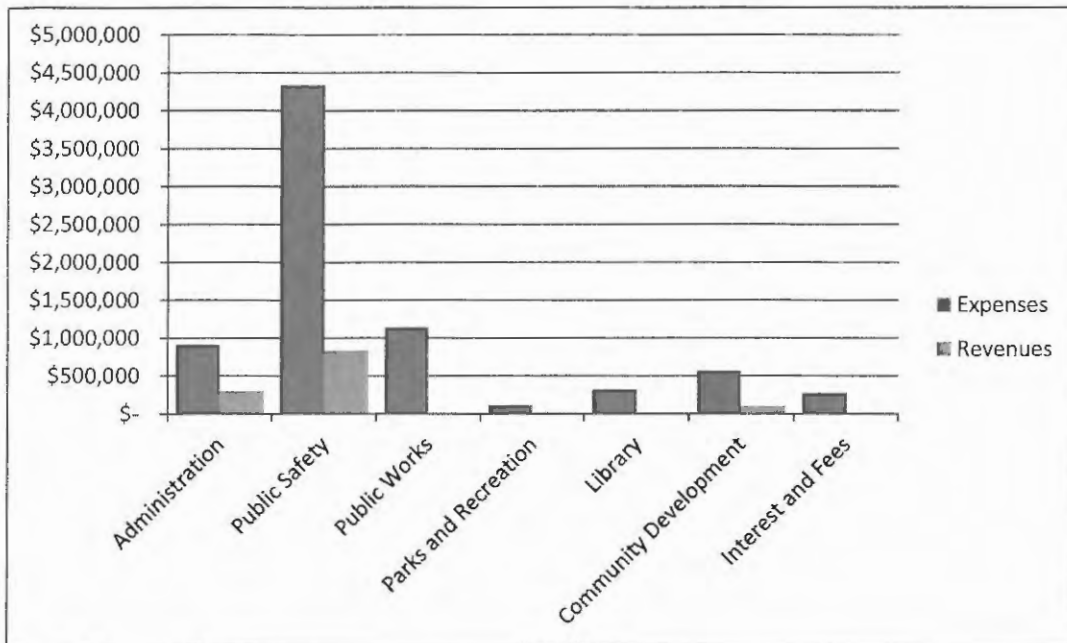
Governmental Activities. Governmental activities increased net position by \$2,282,155 which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

**CHANGE IN NET POSITON
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Totals for September 30, 2012)**

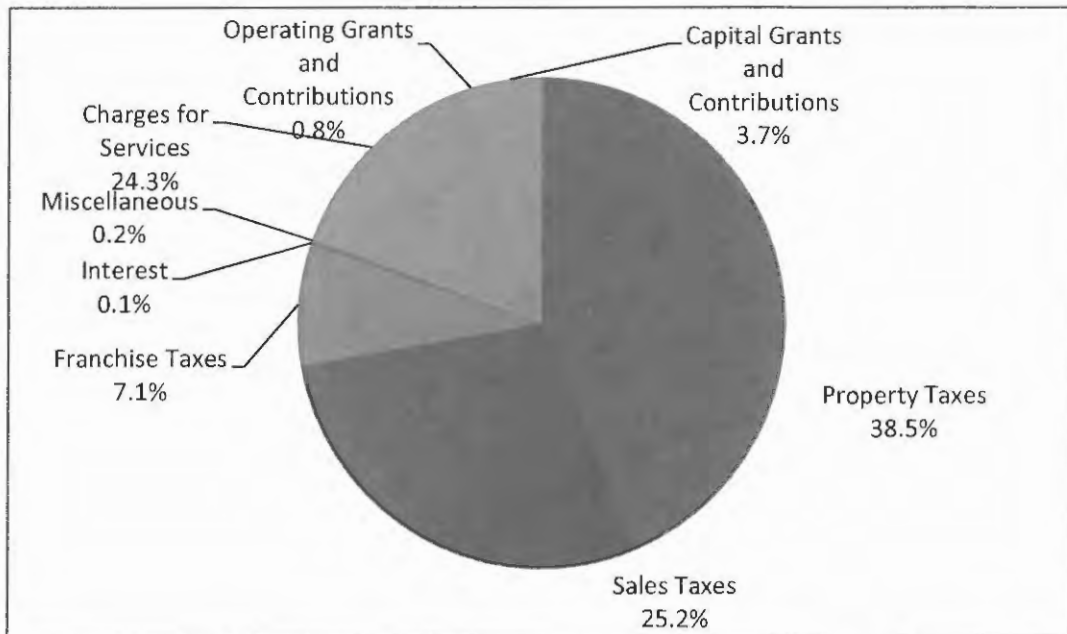
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
<u>PROGRAM REVENUES</u>						
Charges for Services	\$ 1,247,318	\$ 1,583,297	\$3,291,009	\$3,039,389	\$ 4,538,327	\$ 4,622,686
Operating Grants and Contributions	82,626	117,275	-	-	82,626	117,275
Capital Grants and Contributions	372,585	-	-	-	372,585	-
General Revenues						
Property Taxes	3,834,233	3,550,430	-	-	3,834,233	3,550,430
Sales Tax	2,503,411	2,327,969	-	-	2,503,411	2,327,969
Franchise Taxes	701,468	708,434	-	-	701,468	708,434
Impact Fees	-	-	20,417	22,593	20,417	22,593
CIED	1,172,352	-	-	-	1,172,352	-
Interest	12,804	6,795	2,579	3,374	15,383	10,169
Miscellaneous	20,138	6,007	5,914	35,609	26,052	41,616
Total Revenues	<u>9,946,935</u>	<u>8,300,207</u>	<u>3,319,919</u>	<u>3,100,965</u>	<u>13,266,854</u>	<u>11,401,172</u>
<u>EXPENSES</u>						
Administration	910,636	764,140	-	-	910,636	764,140
Public Safety	4,335,920	4,344,695	-	-	4,335,920	4,344,695
Public Works	1,140,612	1,714,581	-	-	1,140,612	1,714,581
Parks and Recreation	113,792	117,840	-	-	113,792	117,840
Library	322,587	322,688	-	-	322,587	322,688
Community Development	566,113	610,394	-	-	566,113	610,394
Utility	-	-	3,282,774	3,218,973	3,282,774	3,218,973
Interest and Fiscal Agent Fees	275,120	107,645	-	-	275,120	107,645
Total Expenses	<u>7,664,780</u>	<u>7,981,983</u>	<u>3,282,774</u>	<u>3,218,973</u>	<u>10,947,554</u>	<u>11,200,956</u>
Increase (Decrease) in Net Position	2,282,155	318,224	37,145	(118,008)	2,319,300	200,216
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>10,745,124</u>	<u>10,426,900</u>	<u>6,726,573</u>	<u>6,844,581</u>	<u>17,471,697</u>	<u>17,271,481</u>
NET POSITION AT END OF YEAR	<u>\$13,027,279</u>	<u>\$10,745,124</u>	<u>\$6,763,718</u>	<u>\$6,726,573</u>	<u>\$19,790,997</u>	<u>\$17,471,697</u>

Revenue for governmental activities for the fiscal year ended September 30, 2013 totaled \$9,946,935, an increase of \$1,646,728 over fiscal year 2012 total revenues of \$8,300,207. In 2013 the City benefited from a reimbursement from CPS which accounts for most of the increase.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

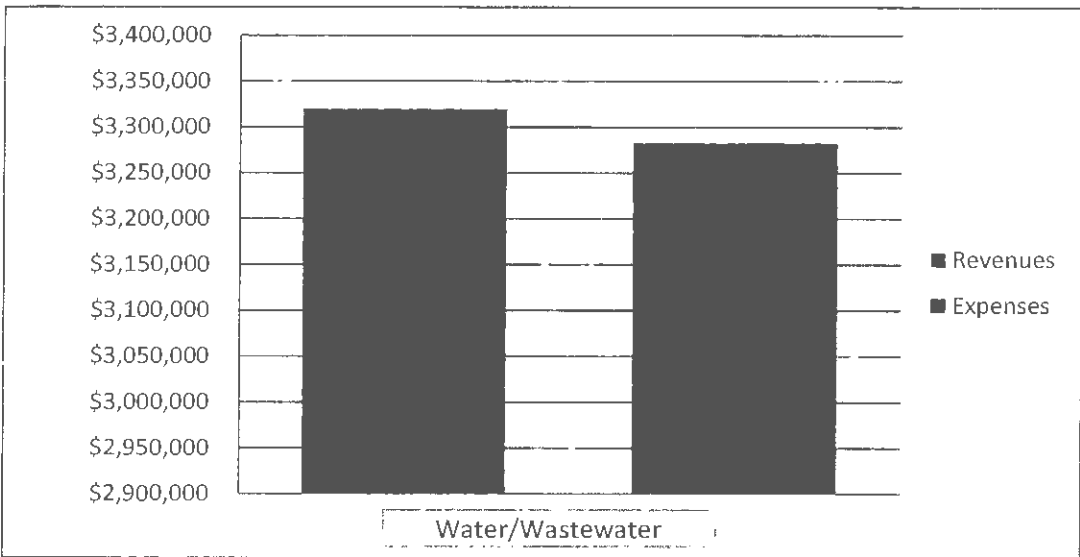


Expenses for governmental activities totaled \$7,664,780, a decrease of \$317,203 over fiscal year 2012.

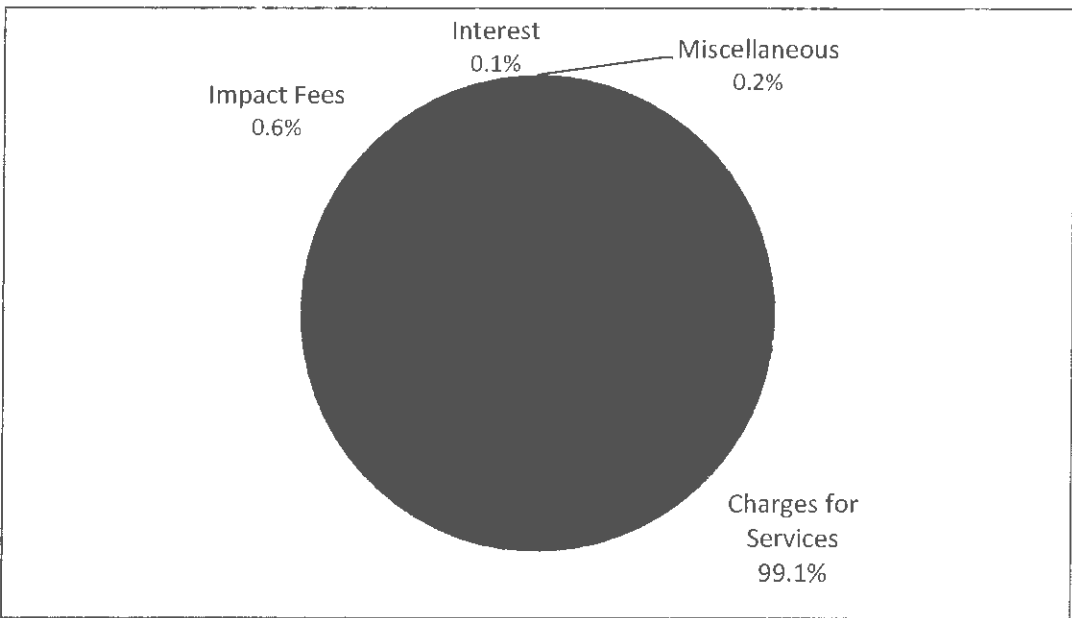
Business-Type Activities. Business-type activities increased net position by \$37,145. Key elements of this increase are as follows:

- Utility expenses for business-type activities increased by \$63,801, which is attributable to an increase in personnel costs.

EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Activities of the primary government’s general fund, capital projects fund, special revenue funds and debt service funds are considered general government functions. The general fund is the City’s general operating fund. The capital projects fund is used to account for financial activity related to the acquisition and construction of major capital facilities. Special revenue funds are used to account for proceeds of specific sources that are legally restricted as to expenditures. The debt service funds are used to account for financial activity related to the City’s general bonded indebtedness, as well as long-term obligations.

As of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$13,486,597, an increase of \$1,546,777 in comparison with fiscal year 2012. The general fund which is the chief operating fund of the City, at the end of the current fiscal year, had a committed fund balance of \$900,000. The committed fund balance is used only for man-made or natural disaster emergencies.

For the fiscal year ended September 30, 2013, the fund balance of the City’s general fund increased by \$336,666. Key factors in the increase are as follows:

- Ad valorem collection rate was higher than budgeted.
- Contributions for capital improvements
- Personnel vacancies.

The capital projects fund has a total fund balance of \$6,872,585, all of which is legally restricted for construction projects.

The CIED fund has a total fund balance of \$1,279,591, all of which can be used ongoing City operations.

The debt service fund has a total fund balance of \$209,391, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$28,766.

Proprietary Funds – The City’s proprietary fund provided the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$1,829,758. The total increase in net position for the water and sewer fund was \$37,145. Other factors concerning the finances of this fund have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its budget for a total increase of \$400,434. The following are the main components of the increase.

- \$395,910 supplemental appropriation for a completion of renovations of the City’s Library;
- \$4,524 supplemental appropriation for Emergency Medical Service supplies and contractual services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounted to \$13,046,103 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and roads. The City's investment in capital assets for the current fiscal year increased by \$216,339 from fiscal year 2012.

CAPITAL ASSETS (Net of Depreciation)

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2012</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2013</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 643,676	\$ 117,585	\$ -	\$ 761,261
<u>Capital Assets - Depreciated</u>				
Buildings	3,325,703	555,568	(9,000)	3,872,271
Transportation and				
Equipment	5,181,066	217,354	(92,146)	5,306,274
Infrastructure	10,789,688	-	-	10,789,688
Total Capital Assets - Depreciated	19,296,457	772,922	(101,146)	19,968,233
<u>Less: Accumulated Depreciation</u>				
Buildings	(1,427,987)	(64,084)	5,175	(1,486,896)
Transportation and				
Equipment	(3,181,591)	(327,282)	92,146	(3,416,727)
Infrastructure	(6,498,832)	(148,397)	-	(6,647,229)
	(11,108,410)	(539,763)	97,321	(11,550,852)
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>8,188,047</u>	<u>233,159</u>	<u>(3,825)</u>	<u>8,417,381</u>
TOTAL CAPITAL ASSETS - NET	\$ 8,831,723	\$ 350,744	\$ (3,825)	\$ 9,178,642

CAPITAL ASSETS (CONTINUED)
(Net of Depreciation)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2012</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2013</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 76,348	\$ 20,035	\$ -	\$ 96,383
Water Rights	<u>1,055,539</u>	<u>-</u>	<u>-</u>	<u>1,055,539</u>
Total Capital Assets - Not Depreciated	<u>1,131,887</u>	<u>20,035</u>	<u>-</u>	<u>1,151,922</u>
<u>Capital Assets - Depreciated</u>				
Buildings	25,403	-	-	25,403
Improvements other than Buildings	6,644,883	-	-	6,644,883
Transportation and Equipment	<u>632,742</u>	<u>20,269</u>	<u>-</u>	<u>653,011</u>
Total Capital Assets - Depreciated	<u>7,303,028</u>	<u>20,269</u>	<u>-</u>	<u>7,323,297</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(18,297)	(410)	-	(18,707)
Improvements other than Buildings	(3,979,517)	(127,595)	-	(4,107,112)
Transportation and Equipment	<u>(439,060)</u>	<u>(42,879)</u>	<u>-</u>	<u>(481,939)</u>
	<u>(4,436,874)</u>	<u>(170,884)</u>	<u>-</u>	<u>(4,607,758)</u>
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>2,866,154</u>	<u>(150,615)</u>	<u>-</u>	<u>2,715,539</u>
 TOTAL CAPITAL ASSETS - NET	 <u>\$ 3,998,041</u>	 <u>\$ (130,580)</u>	 <u>\$ -</u>	 <u>\$ 3,867,461</u>

Additional information of the City of Leon Valley's capital assets can be found in Note 6 of this report.

Long-Term Debt – For the fiscal year ended September 30, 2013, the City had a total bonded debt outstanding of \$9,415,000.

OUTSTANDING DEBT LONG-TERM DEBT

	BALANCE 9/30/2012	ADDITIONS	PAYMENTS	BALANCE 9/30/2013	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Refunding Bonds					
Original Amount of \$2,575,000					
Interest Rate 3.12%	\$ 1,810,000	\$ -	\$(280,000)	\$1,530,000	\$ 290,000
Public Property Finance Contracts					
Original Amount of \$1,060,000					
Interest Rate 4.42%	950,000	-	(40,000)	910,000	40,000
General Obligation Refunding Bonds					
Original Amount of \$7,000,000					
Interest Rate 1.25-3.25%	7,000,000	-	(25,000)	6,975,000	90,000
Issuance Premium	<u>138,014</u>	<u>-</u>	<u>(6,959)</u>	<u>131,055</u>	<u>6,959</u>
Subtotal	9,898,014	-	(351,959)	9,546,055	426,959
Compensated Absences	<u>427,456</u>	<u>84,682</u>	<u>(106,864)</u>	<u>405,274</u>	<u>101,319</u>
	<u>\$10,325,470</u>	<u>\$ 84,682</u>	<u>\$(458,823)</u>	<u>\$9,951,329</u>	<u>\$ 528,278</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 59,486</u>	<u>\$ 20,382</u>	<u>\$ (14,872)</u>	<u>\$ 64,996</u>	<u>\$ 16,249</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

These factors were taken into account when adopting the general fund budget for fiscal year 2014, sales tax was budgeted with a 2.5% increase. The City adopted a tax rate of \$.582915, which is \$.008633 higher than the fiscal year 2013 tax rate of \$.574282. The increase will be used to pay the debt payment of General Obligations Bonds, Series 2012 that was approved by the voters of Leon Valley in May 2012 to build and remodel the public safety and municipal facilities.

Expenditures for the general fund are budgeted at \$7,454,125. The largest increase comes from personnel and contractual costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 6400 El Verde Road, Leon Valley, Texas 78238.

BASIC FINANCIAL STATEMENTS

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CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,329,874	\$ 2,715,406	\$16,045,280	\$ 485,551
Receivables - Net of Allowances for Uncollectibles:				
Property Taxes	162,823	-	162,823	-
Special Assessment	11,744	-	11,744	-
Other	128,534	363,805	492,339	-
Due from Other Governments	350,583	-	350,583	42,742
Inventories	13,784	-	13,784	-
Prepaid Items	41,313	7,571	48,884	-
Restricted Cash, Customer Deposits	-	122,197	122,197	-
Capitalized Bond Issue Costs	182,481	-	182,481	-
Capital Assets				
Land	761,261	96,384	857,645	-
Water Rights	-	1,055,539	1,055,539	-
Buildings	2,385,375	6,697	2,392,072	-
Water/Wastewater System-Plant	-	2,537,770	2,537,770	-
Transportation and Equipment	1,889,547	171,070	2,060,617	-
Infrastructure	4,142,459	-	4,142,459	-
 TOTAL ASSETS	 <u>\$ 23,399,778</u>	 <u>\$ 7,076,439</u>	 <u>\$30,476,217</u>	 <u>\$ 528,293</u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities				
Accounts Payable	\$ 136,731	\$ 113,519	\$ 250,250	\$ -
Accrued Expenditures	205,192	12,009	217,201	-
Accrued Interest Payable	43,679	-	43,679	-
Payable from Restricted Assets,				
Customer Deposits	-	122,197	122,197	-
Deposits Payable	35,568	-	35,568	-
Noncurrent Liabilities				
Due Within One Year	528,278	16,249	544,527	-
Due in More Than One Year	9,423,052	48,747	9,471,799	-
Total Liabilities	<u>10,372,499</u>	<u>312,721</u>	<u>10,685,220</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in				
Capital Assets	6,374,117	3,867,460	10,241,577	-
Restricted for				
Inventory	13,784	-	13,784	-
Prepaid Expense	41,313	-	41,313	-
Parks	49,726	-	49,726	-
Public Education Grants	52,251	-	52,251	-
Water Supply	-	392,203	392,203	-
Storm Water Fee	-	674,297	674,297	-
Unrestricted Net Position	6,496,088	1,829,758	8,325,846	528,293
Total Net Position	<u>13,027,279</u>	<u>6,763,718</u>	<u>19,790,997</u>	<u>528,293</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ 23,399,778	 \$ 7,076,439	 \$30,476,217	 \$ 528,293

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF LEON VALLEY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

<u>FUNCTIONS AND PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<u>Governmental Activities</u>				
Administration	\$ 910,636	\$ 298,947	\$ -	\$ 117,585
Public Safety	4,335,920	833,662	82,626	-
Public Works	1,140,612	-	-	125,000
Parks and Recreation	113,792	15,544	-	-
Library	322,587	1,972	-	130,000
Community Development	566,113	97,193	-	-
Interest and Fees	275,120	-	-	-
Total Governmental Activities	7,664,780	1,247,318	82,626	372,585
<u>Business-Type Activities</u>				
Water/Wastewater	3,282,774	3,291,009	-	-
Total Government	\$ 10,947,554	\$ 4,538,327	\$ 82,626	\$ -
<u>Component Unit</u>				
Leon Valley Economic Development Corporation	\$ 142,468	\$ -	\$ -	
<u>General Revenues</u>				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Impact Fees				
CIED				
Interest				
Miscellaneous				
Total General Revenues and Transfers				
Change in Net Position				
<u>Net Position at Beginning of Year</u>				
NET POSITION AT END OF YEAR				

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT
\$ (494,104)	\$ -	\$ (494,104)	
(3,419,632)	-	(3,419,632)	
(1,015,612)	-	(1,015,612)	
(98,248)	-	(98,248)	
(190,615)	-	(190,615)	
(468,920)	-	(468,920)	
<u>(275,120)</u>	<u>-</u>	<u>(275,120)</u>	
<u>(5,962,251)</u>	<u>-</u>	<u>(5,962,251)</u>	
<u>-</u>	<u>8,235</u>	<u>8,235</u>	
<u>(5,962,251)</u>	<u>8,235</u>	<u>(5,954,016)</u>	
			<u>\$ 142,468</u>
3,834,233	-	3,834,233	-
2,503,411	-	2,503,411	238,058
701,468	-	701,468	-
-	20,417	20,417	-
1,172,352	-	1,172,352	-
12,804	2,579	15,383	452
<u>20,138</u>	<u>5,914</u>	<u>26,052</u>	<u>-</u>
8,244,406	28,910	8,273,316	238,510
2,282,155	37,145	2,319,300	96,042
<u>10,745,124</u>	<u>6,726,573</u>	<u>17,471,697</u>	<u>432,251</u>
<u>\$ 13,027,279</u>	<u>\$ 6,763,718</u>	<u>\$19,790,997</u>	<u>\$ 528,293</u>

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	GENERAL FUND	CAPITAL PROJECTS FUND	CIED	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$3,550,906	\$6,873,325	\$1,280,101	\$ 1,625,542	\$ 13,329,874
Receivables - Net of Allowances for Uncollectibles					
Property Taxes	139,820	-	-	23,003	162,823
Special Assessment	-	-	-	11,744	11,744
Other	26,044	-	-	102,490	128,534
Due from Other Governments	350,583	-	-	-	350,583
Prepaid Items	40,494	-	-	819	41,313
Inventories	13,784	-	-	-	13,784
TOTAL ASSETS	<u>\$4,121,631</u>	<u>\$6,873,325</u>	<u>\$1,280,101</u>	<u>\$ 1,763,598</u>	<u>\$ 14,038,655</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 124,891	\$ 740	\$ 510	\$ 10,590	\$ 136,731
Accrued Expenditures	203,703	-	-	1,489	205,192
Deposits Payable	1,110	-	-	34,458	35,568
Deferred/Unearned Revenue	139,820	-	-	34,747	174,567
Total Liabilities	<u>469,524</u>	<u>740</u>	<u>510</u>	<u>81,284</u>	<u>552,058</u>
<u>FUND BALANCES</u>					
Nonspendable	54,278	-	-	819	55,097
Restricted:					
Capital Projects	-	6,872,585	-	-	6,872,585
Public Education Grants	52,251	-	-	-	52,251
Park Fund	49,531	-	-	-	49,531
Park Bucks	195	-	-	-	195
Debt Service	-	-	-	209,391	209,391
Special Revenue	-	-	-	1,338,001	1,338,001
Committed:					
Disaster Emergencies	900,000	-	-	-	900,000
Assigned:					
Library Construction	14,135	-	-	-	14,135
Road Development	125,000	-	-	-	125,000
Unassigned:	2,456,717	-	1,279,591	134,103	3,870,411
Total Fund Balances	<u>3,652,107</u>	<u>6,872,585</u>	<u>1,279,591</u>	<u>1,682,314</u>	<u>13,486,597</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,121,631</u>	<u>\$6,873,325</u>	<u>\$1,280,101</u>	<u>\$ 1,763,598</u>	<u>\$ 14,038,655</u>

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

<u>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</u>	\$13,486,597
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,178,642
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	174,567
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Bond issue costs which will be amortized in future years are not reported in the funds.	182,481
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Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.	(405,274)
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Long-term liabilities consisting of bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(9,546,055)
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Accrued interest payable on bonded debt is not reported in the funds.	<u>(43,679)</u>
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TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$13,027,279</u>
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CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND	CAPITAL PROJECTS FUND	CIED	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Property Taxes	\$3,164,070	\$ -	\$ -	\$ 645,285	\$ 3,809,355
Sales Taxes	1,933,466	-	-	569,945	2,503,411
Franchise Taxes	701,468	-	-	-	701,468
Licenses, Permits, Fees and Fines	1,038,869	-	-	117,813	1,156,682
CIED Revenue	-	-	1,172,352	-	1,172,352
Grants	4,523	-	-	-	4,523
Rent	-	-	-	83,470	83,470
Interest	3,777	7,548	731	748	12,804
Miscellaneous	343,249	4,348	-	12,808	360,405
Total Revenues	<u>7,189,422</u>	<u>11,896</u>	<u>1,173,083</u>	<u>1,430,069</u>	<u>9,804,470</u>
<u>EXPENDITURES</u>					
Current					
Administration	660,356	140,235	46,207	23,899	870,697
Public Safety	3,994,846	-	-	121,748	4,116,594
Public Works	961,763	-	-	10,721	972,484
Parks and Recreation	86,802	-	-	-	86,802
Library	267,588	-	-	-	267,588
Community Development	420,393	-	-	133,694	554,087
Capital Outlay	678,224	-	-	94,698	772,922
Debt Service					
Principal	-	-	-	345,000	345,000
Interest	-	-	-	270,019	270,019
Fiscal Agent Fees and Bond Issue Costs	-	-	-	1,500	1,500
Total Expenditures	<u>7,069,972</u>	<u>140,235</u>	<u>46,207</u>	<u>1,001,279</u>	<u>8,257,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>119,450</u>	<u>(128,339)</u>	<u>1,126,876</u>	<u>428,790</u>	<u>1,546,777</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	227,216	-	-	10,000	237,216
Transfers Out	(10,000)	-	(227,216)	-	(237,216)
Total Other Financing Sources (Uses)	<u>217,216</u>	<u>-</u>	<u>(227,216)</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balances	<u>336,666</u>	<u>(128,339)</u>	<u>899,660</u>	<u>438,790</u>	<u>1,546,777</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>					
	<u>3,315,441</u>	<u>7,000,924</u>	<u>379,931</u>	<u>1,243,524</u>	<u>11,939,820</u>
FUND BALANCES AT END OF YEAR	<u>\$3,652,107</u>	<u>\$6,872,585</u>	<u>\$1,279,591</u>	<u>\$ 1,682,314</u>	<u>\$ 13,486,597</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

<u>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</u>	\$1,546,777
Amounts reported in governmental activities and in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are capitalized.	772,922
Capital assets are not recorded in government funds and are not therefore depreciated. However, in the statement of activities these assets are depreciated over their estimated useful lives. This is the amount of 2013 depreciation.	(539,763)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	24,878
Capital Contributions	117,585
Bond issue costs are expended in the governmental activities, but are capitalized and amortized over the life of the bond in the statement of activities. This is the amortization for 2013.	(7,426)
The repayment of principal on debt consumes current financial resources and is expended in the governmental funds, but is a reduction of the liability and does not affect the statement of activities.	345,000
Amounts to be expended for long-term employee leave is not recorded as an expenditure in the funds, but is an expense in the statement of activities. This is the change in compensated absences in 2013.	<u>22,182</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$2,282,155</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITY WATER AND WASTEWATER
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 2,715,406
Accounts Receivable, Net of Allowance for Uncollectible	363,805
Prepaid Items	7,571
Total Current Assets	<u>3,086,782</u>
<u>NONCURRENT ASSETS</u>	
Restricted Cash and Cash Equivalents for Customer Deposits	122,197
Capital Assets	
Land	96,384
Water Rights	1,055,539
Buildings	6,697
Water and Wastewater System - Plant	2,537,770
Equipment	171,070
Total Noncurrent Assets	<u>3,989,657</u>
 TOTAL ASSETS	 <u>\$ 7,076,439</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 113,519
Accrued Expenses	12,009
Current Portion of Accrued Leave	16,249
Total Current Liabilities	<u>141,777</u>
<u>NONCURRENT LIABILITIES</u>	
Accrued Leave	48,747
Payable from Restricted Assets	
Customer Deposits Payable	122,197
Total Noncurrent Liabilities	<u>170,944</u>
 Total Liabilities	 <u>312,721</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,867,460
Restricted Net Position	
Water Supply Fee Reserve	392,203
Storm Water Fee Reserve	674,297
Unrestricted Net Position	
Appropriated for Capital Outlay	1,479,758
Unrestricted Unappropriated Net Position	350,000
Total Net Position	<u>6,763,718</u>
 TOTAL LIABILITIES AND NET POSTION	 <u>\$ 7,076,439</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITY <u>WATER AND WASTEWATER</u>
<u>OPERATING REVENUES</u>	
Metered Water Sales	\$ 833,367
Wastewater Sales Charges	1,766,682
Storm Water Fees	381,623
Connection and Platting	247,832
Customer Penalties	40,332
Customer Disconnect Fees	7,860
Tap Fees	<u>13,313</u>
Total Operating Revenues	<u>3,291,009</u>
<u>OPERATING EXPENSES</u>	
General and Administrative	569,584
Water System	895,140
Wastewater System	1,428,467
Stormwater System	218,699
Depreciation	<u>170,884</u>
Total Operating Expenses	<u>3,282,774</u>
Operating Income (Loss)	<u>8,235</u>
<u>NONOPERATING REVENUES</u>	
Interest Income	2,579
Miscellaneous	5,914
Impact Fees	<u>20,417</u>
Total Nonoperating Revenues	<u>28,910</u>
Net Change in Net Position	37,145
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>6,726,573</u>
NET POSITION AT END OF YEAR	<u>\$ 6,763,718</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Payments Received from Customers	\$ 3,252,163
Payments to Suppliers for Goods and Services	(1,987,570)
Payments for Salaries and Benefits	(1,110,631)
Net Cash Provided by Operating Activities	<u>153,962</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(40,305)
Impact and Service Fees	<u>26,331</u>
Net Cash Used by Capital and Related Financing Activities	<u>(13,974)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>2,579</u>
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Net Increase in Cash and Cash Equivalents	142,567
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CASH AND CASH EQUIVALENTS - BEGINNING

Cash and Cash Equivalents	2,571,549
Restricted Cash and Cash Equivalents	<u>123,487</u>

CASH AND CASH EQUIVALENTS - BEGINNING	<u>\$ 2,695,036</u>
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CASH AND CASH EQUIVALENTS - ENDING

Cash and Cash Equivalents	\$ 2,715,406
Restricted Cash and Cash Equivalents	<u>122,197</u>

CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,837,603</u>
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RECONCILIATION OF UTILITY OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ 8,235
Depreciation	170,884
(Increase) Decrease in Assets	
Accounts Receivable	(37,556)
Prepaid Expense	(760)
Increase (Decrease) in Liabilities	
Accounts Payable	1,181
Accrued Expenses	13,268
Customer Deposits	<u>(1,290)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 153,962</u>
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NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leon Valley, Texas, was incorporated in 1952. The City operates under a council-manager form of government and provides the following services as authorized by its charter: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 39 *Determining Whether Certain Organizations are Component Units*. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria of GASB Nos. 14 and 39, the Leon Valley Economic Development Corporation (LVEDC) is considered to be a discretely presented component unit. The LVEDC is financially accountable to the City because City Council approves the LVEDC budget and must approve any debt issuance. The component unit's board is appointed by City Council and its activities benefit the City by promoting growth and development opportunities. Separate financial statements are not issued for the LVEDC.

B. Government-Wide Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Fund Financial Statements (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as generally revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund, capital projects fund, and CIED fund meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which are levied prior to September 30, 2012, and became due October 1, 2012 have been assessed to finance the budget of the fiscal year beginning October 1, 2012 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statement at September 30, 2013.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, hotel/motel taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

General fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

Capital Projects fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of general obligation bonds.

CIED Fund accounts for CPS Energy collections to be used for ongoing City operations.

Nonmajor funds include special revenue funds and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is the water/wastewater fund (used to account for the provisions of water and sewer services to residents).

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund (water and wastewater fund) considers all highly liquid investments including cash in banks, cash on hand, money market accounts, deposits in local government investment pools, and restricted cash and temporary investments to be cash equivalents.

E. Investments

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (d). Statutes allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost.

F. Accounts Receivable

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2012 and past due after January 31, 2013. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. Inventories and Prepaids

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Budget

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

J. Restricted Assets

Certain enterprise fund revenues are collected for a specific purpose by state law and city ordinances such as impact fees for infrastructure improvements and the purchase of future water rights. These funds are classified as restricted assets on the statement of net position and balance sheet because their use is limited by law.

Also, considered as restricted assets, are deposits of water/sewer customers and performance bond deposits pending refund to the customer.

K. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

<u>ASSET</u>	<u>YEARS</u>
Buildings	50 Years
Transportation and Equipment	3-30 Years
Infrastructure	50 Years
Improvements other than Buildings	50 Years

L. Compensated Absences

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2013 of \$64,996 and \$405,274 has been recorded in accrued liabilities of the enterprise fund and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

M. Deferred/Unearned Revenue

Property tax revenues and emergency medical services are recognized when they become both measurable and available in fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue and emergency medical service revenues not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expense/expenditures are reflected as unearned revenue.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the term of the related debt.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City has elected to appropriate net position of its business type activity. Such appropriations reflect the intended use of the net position.

P. Interfund Transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classification Policies

The City adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Non-spendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Committed** – Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the council, such as a city administrator or finance director. Assigned fund balance is delegated by the City Council to the City Manager.
- **Unassigned** – This classification is the default for all funds that do not fit into the other categories.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

T. Change in Accounting Policy

The City adopted the provisions of GASB #63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The statement requires governments to account for deferred outflows of resources, deferred inflows resources and net position as they relate to derivatives and service concession arrangements. Under the provisions of this statement, governments will also present a Statement of Net Position and changes the caption "Net Assets" to "Net Position". The City has no deferred outflows or inflows of resources, but the statement titles and captions have been changed in conformity with the statement.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS

The City's funds are required to be deposited and invested under the terms of the depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

A. Cash

At September 30, 2013, the carrying amount of the City's cash on hand was \$1,400, deposits in the bank were \$1,386,448 and the book balance was \$1,270,892. The City's cash was fully collateralized. The component unit's bank deposits were \$487,839 and the book balance was \$485,551. This balance was fully collateralized.

B. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, and (10) commercial paper.

The City's cash, and cash equivalents at September 30, 2013 are as shown below:

	REPORTED AND FAIR VALUE	WEIGHTED AVERAGE MATURITY	RATING	
			MOODY'S	S & P
TexPool	\$14,895,185	n/a	Aaa	AAAm
Cash on Hand	1,400	n/a	n/a	n/a
Bank Deposits	<u>1,270,892</u>	n/a	n/a	n/a
 TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	 <u>\$16,167,477</u>			
 Unrestricted	 <u>16,045,280</u>			
 RESTRICTED	 <u>\$ 122,197</u>			

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. City investment policy follows state guidelines. The City policy allows investments in certificates of deposit with banks in Texas, investments in U.S. Treasuries and Agencies, and investment pools that invest in obligations of the United States or its agencies and instrumentalities to name a few.

At September 30, 2013, the City's investments were in TexPool, a public funds investment pool where all securities held maintain a continuous rating of no lower than Aaa or AAAM or an equivalent rating by at least one nationally recognized rating service.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

At year end and per City policy all funds were in the City's name and collateralized with securities that maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. The City was not exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All City funds are in the external investment pool as allowed by the City's investment policy, and the investment pool invests in hundreds of authorized securities that minimize concentrations of credit risk. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. At year end, the City was not exposed to interest rate risk due to investment in an external investment pool as authorized by the City's investment policy.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. The City's policy does not allow investment in foreign currency. At year end the City was not exposed to foreign currency risk.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

D. Investment Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts as amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

E. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 3: RECEIVABLES

A. Special Assessments

The City levied special assessments in 1986 against various property owners benefiting from public improvements completed in 1987. In accordance with the provisions of the assessment certificates issued for the property owners, assessments are due and payable at the time of completion. All assessments receivable as of September 30, 2012, are considered delinquent. These public improvements were funded through a note payable at the City's depository bank. Collections from assessment accounts were insufficient to cover the required note payments and therefore, the City's general fund paid the note in full through a transfer. Accordingly, current and future principal and interest collections on these delinquent accounts will be used to reimburse the City's general fund. The related assessments receivable, revenues, deferred revenue, and debt payments are reported in the debt service fund.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 3: RECEIVABLES (CONTINUED)

B. Other Receivables

Other receivables consist of the following:

	<u>AMOUNT</u>	<u>ALLOWANCE FOR DOUBTFUL</u>	<u>NET RECEIVABLE</u>
Property Taxes	\$ 191,556	\$ (28,733)	\$ 162,823
EMS Receivables	209,384	(209,384)	-
Special Assessment	11,744	-	11,744
Accounts	129,101	-	129,101
Utility	381,598	(17,793)	363,805

NOTE 4: PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2012, upon which the fiscal 2013 levy was based, was \$681,878,582 (market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2013 was \$.574282 per \$100 of assessed value, which means that the City has a tax margin of \$1.92572 for each \$100 value. The City may not, however, adopt a tax rate that exceeds the rollback rate or the effective rate, whichever is lower, without first having two public hearings. If the City adopts a tax rate that exceeds the rollback tax rate, registered voters may petition the City for an election on the tax increase. A successful election limits the City's current tax rate to the rollback rate.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 5: INTERFUND TRANSACTIONS

Transfers consisted of the following:

		<u>PURPOSE</u>
General Fund		
Transfers from CIED Fund	\$(227,216)	Program Supplement
Transfers to Building Security Fund	<u>10,000</u>	Program Supplement
TOTAL GENERAL FUND	<u>\$(217,216)</u>	

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 6: CAPITAL ASSETS

Governmental capital asset activity for the year ended September 30, 2013 was as follows:

	BEGINNING BALANCE	RECLASS AND ADDITIONS	RECLASS AND DELETIONS	ENDING BALANCE
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 643,676	\$ 117,585	\$ -	\$ 761,261
Capital Assets being Depreciated				
Buildings	3,325,703	555,568	(9,000)	3,872,271
Transportation and Equipment	5,181,066	217,354	(92,146)	5,306,274
Infrastructure	10,789,688	-	-	10,789,688
Total Capital Assets being Depreciated	19,296,457	772,922	(101,146)	19,968,233
Less Accumulated Depreciation:				
Buildings	(1,427,987)	(64,084)	5,175	(1,486,896)
Transportation and Equipment	(3,181,591)	(327,282)	92,146	(3,416,727)
Infrastructure	(6,498,832)	(148,397)	-	(6,647,229)
Total Accumulated Depreciation	(11,108,410)	(539,763)	97,321	(11,550,852)
Total Capital Assets being Depreciated - Net	8,188,047	233,159	(3,825)	8,417,381
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	\$ 8,831,723	\$ 350,744	\$ (3,825)	\$ 9,178,642
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Buildings	\$ 76,348	\$ 20,035	\$ -	\$ 96,383
Water Rights	1,055,539	-	-	1,055,539
Total Capital Assets not being Depreciated	1,131,887	20,035	-	1,151,922
Capital Assets being Depreciated				
Buildings	25,403	-	-	25,403
Improvements Other than Buildings	6,644,883	-	-	6,644,883
Transportation and Equipment	632,742	20,269	-	653,011
Total Capital Assets being Depreciated	7,303,028	20,269	-	7,323,297
Less Accumulated Depreciation				
Buildings	(18,297)	(410)	-	(18,707)
Improvements Other than Buildings	(3,979,517)	(127,595)	-	(4,107,112)
Transportation and Equipment	(439,060)	(42,879)	-	(481,939)
Total Accumulated Depreciation	(4,436,874)	(170,884)	-	(4,607,758)
Total Capital Assets being Depreciated - Net	2,866,154	(150,615)	-	2,715,539
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	\$ 3,998,041	\$ (130,580)	\$ -	\$ 3,867,461

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities

Administration	\$ 39,109
Public Safety	225,786
Public Works	174,247
Parks and recreation	27,645
Community Development	66,571
Library	<u>6,405</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 539,763</u>
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Business-Type Activities

Water and Wastewater Utilities	<u>\$ 170,884</u>
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NOTE 7: LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2013 were comprised of the following individual issues:

	BALANCE 9/30/2012	ADDITIONS	PAYMENTS	BALANCE 9/30/2013	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Refunding Bonds, Series 2009 Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 1,810,000	\$ -	\$(280,000)	\$1,530,000	\$290,000
Public Property Finance Contract, 2009 Original Amount of \$1,060,000 Interest Rate of 4.42%	950,000	-	(40,000)	910,000	40,000
General Obligation Bonds, Series 2012 Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	7,000,000	-	(25,000)	6,975,000	90,000
Issuance Premium	<u>138,014</u>	<u>-</u>	<u>(6,959)</u>	<u>131,055</u>	<u>6,959</u>
Subtotal	9,898,014	-	(351,959)	9,546,055	426,959
Compensated Absences	<u>427,456</u>	<u>84,682</u>	<u>(106,864)</u>	<u>405,274</u>	<u>101,319</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$10,325,470</u>	<u>\$ 84,682</u>	<u>\$(458,823)</u>	<u>\$9,951,329</u>	<u>\$528,278</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 59,486</u>	<u>\$ 20,382</u>	<u>\$ (14,872)</u>	<u>\$ 64,996</u>	<u>\$ 16,249</u>

In the past, the general fund and the water and wastewater fund were used to liquidate compensated absences.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 7: LONG-TERM DEBT (CONTINUED)

The General Obligation Refunding Bonds, Series 2009 were issued to refund the 1998 Certificates of Obligation and the 2000 Tax Notes which were for capital improvements and equipment. The 2009 Public Property Finance Contract was used to purchase a fire truck. The General Obligation Bonds, Series 2012 were issued for construction of new city facilities.

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2013, including interest payments, are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2014	\$ 420,000	\$ 257,121	\$ 677,121
2015	430,000	245,946	675,946
2016	445,000	233,370	678,370
2017	460,000	219,505	679,505
2018	475,000	203,810	678,810
2019-2023	2,300,000	866,313	3,166,313
2024-2028	2,585,000	570,448	3,155,448
2029-2032	2,300,000	181,488	2,481,488
	<u>\$9,415,000</u>	<u>\$2,778,001</u>	<u>\$12,193,001</u>

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint-contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

A. Plan Description (Continued)

	<u>PLAN YEAR 2012</u>	<u>PLAN YEAR 2013</u>
Employee Deposit Rate	6.0%	6.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating	70% of CPI Repeating

B. Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

YEAR	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY	(C) (A)/(B) FUNDING RATIO	(D) UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	(E) ANNUAL COVERED PAYROLL	(D)/(E) UAAL AS A PERCENT OF COVERED PAYROLL
2012	\$ 29,437,257	\$33,307,361	88.40%	\$ 3,870,104	\$ 4,568,492	84.71%

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

B. Contributions (Continued)

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information of the latest actuarial valuation at December 31, 2012 also follows:

Actuarial Valuation Date	DECEMBER 31, 2012	DECEMBER 31, 2011	DECEMBER 31, 2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25.2 years; closed period	26.1 years; closed period	27.1 years; closed period
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Inflation	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

C. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

D. Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit" or OPEB.

E. Contributions

The City contributes to the SDBF at a contractually required contribution rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

E. Contributions (Continued)

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$11,927, \$11,788, and \$13,716 respectively, which equaled the required contributions each year. A schedule of contribution rates follows:

<u>PLAN YEAR</u>	<u>ANNUAL REQUIRED CONTRIBUTION RATE</u>	<u>ACTUAL CONTRIBUTION MADE</u>	<u>PERCENT CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
2013	0.03%	0.03%	100%	\$ -
2012	0.03	0.03	100	-
2011	0.03	0.03	100	-

NOTE 9: FUND BALANCE CATEGORIES

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Non-Spendable			
Prepaid Expenditures	\$ 40,494	\$ 819	\$ 41,313
Inventory	13,784	-	13,784
	<u>54,278</u>	<u>819</u>	<u>55,097</u>
Restricted			
Capital Projects	-	6,872,585	6,872,585
Public Education Grants	52,251	-	52,251
Park Construction	49,531	-	49,531
Park Bucks Program	195	-	195
Debt Service	-	209,391	209,391
State Police Forfeiture	-	38,198	38,198
Federal Police Forfeiture	-	382,036	382,036
Building Security	-	368	368
Court Technology	-	50,537	50,537
Street Maintenance Tax	-	866,862	866,862
	<u>101,977</u>	<u>8,419,977</u>	<u>8,521,954</u>
Committed			
Natural or Man-Made Disasters	<u>900,000</u>	<u>-</u>	<u>900,000</u>
Assigned			
Library Construction	14,135	-	14,135
Bandera Road Development	125,000	-	125,000
	<u>139,135</u>	<u>-</u>	<u>139,135</u>
Unassigned	<u>2,456,717</u>	<u>1,413,694</u>	<u>3,870,411</u>
TOTALS	<u>\$3,652,107</u>	<u>\$ 9,834,490</u>	<u>\$13,486,597</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 9: FUND BALANCE CATEGORIES (CONTINUED)

City Council established a policy where by \$900,000 may only be spent for natural or man-made disasters. That amount is reported as committed fund balance.

NOTE 10: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contribution amounts. During the past three years, no settlements have exceeded insurance coverage.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Funding Progress – Defined Benefit

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CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	BUDGET AMOUNTS		2013	VARIANCE WITH	2012
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)	ACTUAL
<u>REVENUES</u>					
Property Taxes	\$ 3,086,388	\$ 3,086,388	\$3,164,070	\$ 77,682	\$3,128,035
Sales Taxes	1,793,342	1,793,342	1,933,466	140,124	1,802,128
Franchise Fees	725,827	725,827	701,468	(24,359)	708,434
Licenses, Permits, Fees and Fines	1,026,965	1,026,965	1,038,869	11,904	994,608
Grants	-	-	4,523	4,523	6,122
Other	120,243	120,243	347,026	226,783	95,454
Total Revenues	6,752,765	6,752,765	7,189,422	436,657	6,734,781
<u>EXPENDITURES</u>					
Administration					
Business Office					
Personnel Services	74,991	74,991	71,065	3,926	63,575
Supplies	8,330	8,330	6,525	1,805	7,827
Contracted Services	82,990	82,990	72,754	10,236	93,402
Total Business Office	166,311	166,311	150,344	15,967	164,804
Finance and Accounting					
Personnel Services	132,072	132,072	131,170	902	138,679
Supplies	6,800	6,800	4,755	2,045	10,323
Contracted Services	75,575	75,575	74,007	1,568	66,123
Capital Outlay	-	-	-	-	-
Total Finance and Accounting	214,447	214,447	209,932	4,515	215,125
Council and Manager					
Personnel Services	178,673	178,673	179,464	(791)	190,126
Supplies	14,600	14,600	13,402	1,198	10,311
Contracted Services	113,354	113,354	107,214	6,140	111,269
Capital Outlay	-	-	-	-	-
Total Council and Manager	306,627	306,627	300,080	6,547	311,706
Total Administration	687,385	687,385	660,356	27,029	691,635
Public Safety					
Law Enforcement Administration					
Personnel Services	211,899	211,899	207,168	4,731	208,164
Supplies	1,900	1,900	2,696	(796)	2,089
Contracted Services	31,597	31,597	30,764	833	29,294
Total Law Enforcement Administration	245,396	245,396	240,628	4,768	239,547
Law Enforcement Patrol					
Personnel Services	1,154,878	1,154,878	1,029,686	125,192	1,155,960
Supplies	82,900	82,900	62,792	20,108	71,876
Contracted Services	9,700	9,700	28,493	(18,793)	8,024
Capital Outlay	-	-	-	-	-
Total Law Enforcement Patrol	1,247,478	1,247,478	1,120,971	126,507	1,235,860

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL- GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	BUDGET AMOUNTS		2013	VARIANCE WITH	2012
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)	ACTUAL
<u>EXPENDITURES (CONTINUED)</u>					
Public Safety (Continued)					
Law Enforcement Communications					
Personnel Services	\$ 271,968	\$ 271,968	\$ 240,988	\$ 30,980	\$ 258,240
Supplies	1,025	1,025	833	192	1,268
Contracted Services	4,400	4,400	3,186	1,214	2,914
Total Law Enforcement Communications	277,393	277,393	245,007	32,386	262,422
Law Enforcement Investigations					
Personnel Services	289,736	289,736	285,730	4,006	279,695
Supplies	2,100	2,100	514	1,586	767
Contracted Services	4,950	4,950	1,945	3,005	2,467
Total Law Enforcement Investigations	296,786	296,786	288,189	8,597	282,929
Law Enforcement Narcotics					
Personnel Services	75,249	75,249	73,012	2,237	68,877
Contracted Services	136	136	102	34	111
Total Law Enforcement Narcotics	75,385	75,385	73,114	2,271	68,988
Fire Protection Administration					
Personnel Services	219,810	219,810	159,658	60,152	211,202
Supplies	4,914	10,065	10,392	(327)	5,142
Contracted Services	37,817	37,817	35,326	2,491	39,138
Capital Outlay	39,000	33,849	15,259	18,590	14,927
Total Fire Protection Administration	301,541	301,541	220,635	80,906	270,409
Fire Protection Operations					
Personnel Services	1,633,702	1,633,702	1,609,765	23,937	1,475,784
Supplies	31,237	31,237	27,551	3,686	59,813
Contracted Services	67,891	67,891	75,838	(7,947)	71,730
Capital Outlay	67,508	67,508	44,741	22,767	24,551
Total Fire Protection Operations	1,800,338	1,800,338	1,757,895	42,443	1,631,878
Emergency Medical Services					
Supplies	39,610	40,634	38,745	1,889	40,696
Contracted Services	68,920	72,420	69,662	2,758	65,448
Capital Outlay	-	-	30,847	(30,847)	26,970
Total Emergency Medical Services	108,530	113,054	139,254	(26,200)	133,114
Total Public Safety	4,352,847	4,357,371	4,085,693	271,678	4,125,147
Public Works					
Public Works					
Personnel Services	699,963	699,963	648,003	51,960	704,979
Supplies	152,300	152,300	107,106	45,194	132,953
Contracted Services	210,000	210,000	206,654	3,346	168,482
Capital Outlay	49,500	49,500	31,809	17,691	22,766
Total Public Works	1,111,763	1,111,763	993,572	118,191	1,029,180

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	BUDGET AMOUNTS		2013	VARIANCE WITH	2012
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET - POSITIVE (NEGATIVE)	ACTUAL
<u>EXPENDITURES (CONTINUED)</u>					
Parks and Recreation					
Personnel Services	\$ 81,940	\$ 81,940	\$ 57,002	\$ 24,938	\$ 67,429
Supplies	15,000	15,000	17,519	(2,519)	12,455
Contracted Services	15,000	15,000	12,281	2,719	11,940
Capital Outlay	-	-	-	-	-
Total Parks and Recreation	<u>111,940</u>	<u>111,940</u>	<u>86,802</u>	<u>25,138</u>	<u>91,824</u>
Library					
Personnel Services	202,437	202,437	202,007	430	190,690
Supplies	20,344	21,344	34,893	(13,549)	33,058
Contracted Services	30,530	30,530	30,688	(158)	86,977
Capital Outlay	<u>185,000</u>	<u>579,910</u>	<u>555,568</u>	<u>24,342</u>	-
Total Library	<u>438,311</u>	<u>834,221</u>	<u>823,156</u>	<u>11,065</u>	<u>310,725</u>
Development Activities					
Community Development/Events					
Personnel Services	182,218	182,218	148,691	33,527	184,035
Supplies	8,000	8,000	8,455	(455)	21,750
Contracted Services	120,252	120,252	130,012	(9,760)	143,119
Capital Outlay	-	-	-	-	17,442
Total Community Development/Events	<u>310,470</u>	<u>310,470</u>	<u>287,158</u>	<u>23,312</u>	<u>366,346</u>
Special Events					
Supplies	<u>17,599</u>	<u>17,599</u>	<u>10,899</u>	<u>6,700</u>	-
Economic Development					
Personnel Services	114,814	114,814	111,762	3,052	63,785
Supplies	1,339	1,339	1,493	(154)	3,366
Contracted Services	8,604	8,604	9,081	(477)	29,196
Capital Outlay	-	-	-	-	-
Total Economic Development	<u>124,757</u>	<u>124,757</u>	<u>122,336</u>	<u>2,421</u>	<u>96,347</u>
Total Development Activities	<u>452,826</u>	<u>452,826</u>	<u>420,393</u>	<u>32,433</u>	<u>462,693</u>
Total Expenditures	<u>7,155,072</u>	<u>7,555,506</u>	<u>7,069,972</u>	<u>485,534</u>	<u>6,711,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(402,307)</u>	<u>(802,741)</u>	<u>119,450</u>	<u>922,191</u>	<u>23,577</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	227,216	227,216	-
Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	-	<u>(18,000)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>217,216</u>	<u>227,216</u>	<u>(18,000)</u>
Net Change in Fund Balance	(412,307)	(812,741)	336,666	1,149,407	5,577
FUND BALANCE - BEGINNING	<u>3,315,441</u>	<u>3,315,441</u>	<u>3,315,441</u>	-	<u>3,309,864</u>
FUND BALANCE - ENDING	<u>\$ 2,903,134</u>	<u>\$ 2,502,700</u>	<u>\$3,652,107</u>	<u>\$ 1,149,407</u>	<u>\$3,315,441</u>

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED SEPTEMBER 30, 2013

<u>YEAR</u>	<u>(A) ACTUARIAL VALUE OF ASSETS</u>	<u>(B) ACTUARIAL ACCRUED LIABILITY</u>	<u>(C) (A)/(B) FUNDING RATIO</u>	<u>(D) UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</u>	<u>(E) ANNUAL COVERED PAYROLL</u>	<u>(D)/(E) UAAL AS A PERCENT OF COVERED PAYROLL</u>
2010	\$ 25,902,789	\$ 30,487,236	84.96%	\$ 4,584,447	\$ 4,572,138	100.27%
2011	27,729,485	31,993,586	86.70%	4,264,101	4,456,281	95.70%
2012	29,437,257	33,307,361	88.40%	3,870,104	4,568,492	84.71%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes combining nonmajor individual fund statements which are not required by the GASB, nor a part of the basic financial statements.

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and expenditures that are legally restricted for a specific purpose.

- **Community Center** – Accounts for hotel occupancy tax revenues and expenditures, funding mainly the community and conference centers.
- **Grants Fund** – Accounts for grant revenues received from other governments and the related expenditures.
- **Child Safety Fund** – Accounts for the drug awareness and prevention program, school crossing guards, and other child safety programs.
- **State Police Forfeiture Fund** – Accounts for revenues from seized assets and the allowed expenditure of that revenue.
- **Federal Police Forfeiture Fund** – Accounts for revenues from seized assets in federal cases and the allowed expenditure of that revenue.
- **Building Security Fund** – Accounts for portion of municipal fines that are allocated to building security and the allowed expenditures.
- **Court Technology** – Accounts for portion of municipal fines that are allocated to court technology and the allowed expenditures.
- **Street Maintenance Fund** – Accounts for sales tax collections for street maintenance. This special tax was approved by voters in November 2007.

DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources and the related disbursement for the retirement of long-term debt.

CITY OF LEON VALLEY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	COMMUNITY CENTER	GRANTS	CHILD SAFETY	STATE POLICE FORFEITURE
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 146,251	\$ -	\$ 9,587	\$ 38,198
Accounts Receivable - Net of Allowance				
Property Taxes	-	-	-	-
Special Assessment	-	-	-	-
Other	15,692	-	916	-
Prepaid Items	665	-	-	-
	<u>665</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 162,608</u>	 <u>\$ -</u>	 <u>\$ 10,503</u>	 <u>\$ 38,198</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,454	\$ -	\$ -	\$ -
Accrued Expenditures	946	-	485	-
Deposits Payable	34,458	-	-	-
Deferred/Unearned Revenue	-	-	-	-
Total Liabilities	<u>37,858</u>	<u>-</u>	<u>485</u>	<u>-</u>
<u>FUND BALANCES</u>				
Nonspendable	665	-	-	-
Restricted	-	-	-	38,198
Unassigned Reported in Special Revenue Funds	<u>124,085</u>	<u>-</u>	<u>10,018</u>	<u>-</u>
Total Fund Balances	<u>124,750</u>	<u>-</u>	<u>10,018</u>	<u>38,198</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 162,608</u>	 <u>\$ -</u>	 <u>\$ 10,503</u>	 <u>\$ 38,198</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>STREET MAINTENANCE TAX</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ 390,154	\$ 256	\$ 50,613	\$ 781,944	\$ 208,539	\$1,625,542
-	-	-	-	23,003	23,003
-	-	-	-	11,744	11,744
-	112	-	84,918	852	102,490
-	154	-	-	-	819
<u>\$ 390,154</u>	<u>\$ 522</u>	<u>\$ 50,613</u>	<u>\$ 866,862</u>	<u>\$ 244,138</u>	<u>\$1,763,598</u>
\$ 8,060	\$ -	\$ 76	\$ -	\$ -	\$ 10,590
58	-	-	-	-	1,489
-	-	-	-	-	34,458
-	-	-	-	34,747	34,747
<u>8,118</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>34,747</u>	<u>81,284</u>
-	154	-	-	-	819
382,036	368	50,537	866,862	209,391	1,547,392
-	-	-	-	-	134,103
<u>382,036</u>	<u>522</u>	<u>50,537</u>	<u>866,862</u>	<u>209,391</u>	<u>1,682,314</u>
<u>\$ 390,154</u>	<u>\$ 522</u>	<u>\$ 50,613</u>	<u>\$ 866,862</u>	<u>\$ 244,138</u>	<u>\$1,763,598</u>

CITY OF LEON VALLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	COMMUNITY CENTER	GRANTS	CHILD SAFETY	STATE POLICE FORFEITURE
<u>REVENUES</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	94,396	-	-	-
Fines and Forfeitures	-	-	13,197	-
Rent	83,470	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	12,808
Total Revenues	<u>177,866</u>	<u>-</u>	<u>13,197</u>	<u>12,808</u>
<u>EXPENDITURES</u>				
Current				
Administration	-	-	-	-
Public Safety	-	2,638	27,389	-
Public Works	-	-	-	-
Community Development	133,694	-	-	-
Capital Outlay	-	-	-	-
Bond Issue Costs	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Agent Fees and Bond Issue Costs	-	-	-	-
Total Expenditures	<u>133,694</u>	<u>2,638</u>	<u>27,389</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,172	(2,638)	(14,192)	12,808
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	44,172	(2,638)	(14,192)	12,808
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>80,578</u>	<u>2,638</u>	<u>24,210</u>	<u>25,390</u>
FUND BALANCES AT END OF YEAR	<u>\$ 124,750</u>	<u>\$ -</u>	<u>\$ 10,018</u>	<u>\$ 38,198</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>STREET MAINTENANCE TAX</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ -	\$ 645,285	\$ 645,285
-	-	-	475,549	-	569,945
78,103	11,383	15,130	-	-	117,813
-	-	-	-	-	83,470
413	-	-	335	-	748
-	-	-	-	-	12,808
<u>78,516</u>	<u>11,383</u>	<u>15,130</u>	<u>475,884</u>	<u>645,285</u>	<u>1,430,069</u>
-	-	23,899	-	-	23,899
70,155	21,566	-	-	-	121,748
-	-	-	10,721	-	10,721
-	-	-	-	-	133,694
94,698	-	-	-	-	94,698
-	-	-	-	-	-
-	-	-	-	345,000	345,000
-	-	-	-	270,019	270,019
-	-	-	-	1,500	1,500
<u>164,853</u>	<u>21,566</u>	<u>23,899</u>	<u>10,721</u>	<u>616,519</u>	<u>1,001,279</u>
(86,337)	(10,183)	(8,769)	465,163	28,766	428,790
-	10,000	-	-	-	10,000
-	10,000	-	-	-	10,000
(86,337)	(183)	(8,769)	465,163	28,766	438,790
<u>468,373</u>	<u>705</u>	<u>59,306</u>	<u>401,699</u>	<u>180,625</u>	<u>1,243,524</u>
<u>\$ 382,036</u>	<u>\$ 522</u>	<u>\$ 50,537</u>	<u>\$ 866,862</u>	<u>\$ 209,391</u>	<u>\$ 1,682,314</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>					
Hotel/Motel Taxes	\$ 75,746	\$ 66,701	\$ 94,396	\$ 27,695	\$ 82,409
Rent	74,053	74,000	83,470	9,470	75,525
Total Revenues	<u>149,799</u>	<u>140,701</u>	<u>177,866</u>	<u>37,165</u>	<u>157,934</u>
<u>EXPENDITURES</u>					
Current					
Community Development	134,714	144,714	133,694	11,020	121,663
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>134,714</u>	<u>144,714</u>	<u>133,694</u>	<u>11,020</u>	<u>121,663</u>
Net Change In Fund Balance	15,085	(4,013)	44,172	48,185	36,271
<u>FUND BALANCE - BEGINNING</u>	<u>80,578</u>	<u>80,578</u>	<u>80,578</u>	<u>-</u>	<u>19,569</u>
FUND BALANCE - ENDING	<u>\$ 95,663</u>	<u>\$ 76,565</u>	<u>\$ 124,750</u>	<u>\$ 48,185</u>	<u>\$ 55,840</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL AND FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>				
Grants	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Current				
Public Safety	2,987	2,638	349	3,450
Net Change In Fund Balance	(2,987)	(2,638)	349	(3,450)
<u>FUND BALANCE - BEGINNING</u>	2,638	2,638	-	6,088
FUND BALANCE - ENDING	\$ (349)	\$ -	\$ 349	\$ 2,638

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2013 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2012 ACTUAL AMOUNTS</u>
<u>REVENUES</u>					
Fines and Forfeitures	<u>\$11,600</u>	<u>\$12,200</u>	<u>\$13,197</u>	<u>\$ 997</u>	<u>\$ 12,895</u>
<u>EXPENDITURES</u>					
Current					
Public Safety	<u>33,731</u>	<u>33,731</u>	<u>27,389</u>	<u>6,342</u>	<u>27,562</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>15,000</u>
Net Change in Fund Balance	<u>(22,131)</u>	<u>(6,531)</u>	<u>(14,192)</u>	<u>(7,661)</u>	<u>333</u>
<u>FUND BALANCE - BEGINNING</u>	<u>24,210</u>	<u>24,210</u>	<u>24,210</u>	<u>-</u>	<u>23,877</u>
FUND BALANCE - ENDING	<u>\$ 2,079</u>	<u>\$17,679</u>	<u>\$10,018</u>	<u>\$ (7,661)</u>	<u>\$ 24,210</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL AND FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ 12,808	\$ 12,808	\$ 2,392
<u>EXPENDITURES</u>				
Current				
Public Safety	-	-	-	-
Net Change In Fund Balance	-	12,808	12,808	2,392
<u>FUND BALANCE - BEGINNING</u>	<u>25,390</u>	<u>25,390</u>	<u>-</u>	<u>22,998</u>
FUND BALANCE - ENDING	<u>\$ 25,390</u>	<u>\$ 38,198</u>	<u>\$ 12,808</u>	<u>\$25,390</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	\$ -	\$ -	\$ 78,103	\$ 78,103	\$ 111,187
Interest	-	-	413	413	495
Total Revenues	-	-	78,516	78,516	111,682
<u>EXPENDITURES</u>					
Current					
Public Safety	85,558	107,702	70,155	37,547	67,217
Capital Outlay	98,000	98,000	94,698	3,302	48,609
Total Expenditures	183,558	205,702	164,853	40,849	115,826
Net Change In Fund Balance	(183,558)	(205,702)	(86,337)	119,365	(4,144)
<u>FUND BALANCE - BEGINNING</u>	472,517	472,517	468,373	-	472,517
FUND BALANCE - ENDING	\$288,959	\$266,815	\$382,036	\$ 119,365	\$468,373

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING SECURITY FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2013 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2012 ACTUAL AMOUNTS</u>
<u>REVENUES</u>					
Fines and Forfeitures	<u>\$13,500</u>	<u>\$19,800</u>	<u>\$11,383</u>	<u>\$ (8,417)</u>	<u>\$14,366</u>
<u>EXPENDITURES</u>					
Current					
Public Safety	<u>21,788</u>	<u>21,788</u>	<u>21,566</u>	<u>222</u>	<u>20,688</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>3,000</u>
Net Change in Fund Balance	<u>1,712</u>	<u>8,012</u>	<u>(183)</u>	<u>(8,195)</u>	<u>(3,322)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>705</u>	<u>705</u>	<u>705</u>	<u>-</u>	<u>4,027</u>
FUND BALANCE - ENDING	<u>\$ 2,417</u>	<u>\$ 8,717</u>	<u>\$ 522</u>	<u>\$ (8,195)</u>	<u>\$ 705</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	<u>\$18,700</u>	<u>\$26,402</u>	<u>\$15,130</u>	<u>\$ (11,272)</u>	<u>\$ 19,169</u>
<u>EXPENDITURES</u>					
Current					
Administration	23,200	23,200	23,899	(699)	22,103
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total Expenditures	<u>53,200</u>	<u>53,200</u>	<u>23,899</u>	<u>29,301</u>	<u>22,103</u>
Net Change In Fund Balance	(34,500)	(26,798)	(8,769)	18,029	(2,934)
<u>FUND BALANCE - BEGINNING</u>	<u>59,306</u>	<u>59,306</u>	<u>59,306</u>	<u>-</u>	<u>62,240</u>
FUND BALANCE - ENDING	<u>\$24,806</u>	<u>\$32,508</u>	<u>\$50,537</u>	<u>\$ 18,029</u>	<u>\$ 59,306</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET MAINTENANCE TAX FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	\$ 439,560	\$ 439,560	\$ 475,549	\$ 35,989	\$ 443,432
Interest	-	-	335	335	306
Total Revenues	<u>439,560</u>	<u>439,560</u>	<u>475,884</u>	<u>36,324</u>	<u>443,738</u>
<u>EXPENDITURES</u>					
Current					
Public Works	<u>830,254</u>	<u>830,254</u>	<u>10,721</u>	<u>819,533</u>	<u>546,311</u>
Net Change In Fund Balance	(390,694)	(390,694)	465,163	855,857	(102,573)
<u>FUND BALANCE - BEGINNING</u>	<u>401,699</u>	<u>401,699</u>	<u>401,699</u>	<u>-</u>	<u>504,272</u>
 FUND BALANCE - ENDING	 <u>\$ 11,005</u>	 <u>\$ 11,005</u>	 <u>\$ 866,862</u>	 <u>\$ 855,857</u>	 <u>\$ 401,699</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL TOTALS FOR 2012)

	ORIGINAL AND FINAL BUDGET	2013 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 620,219	\$ 645,285	\$ 25,066	\$ 416,046
Total Revenues	<u>620,219</u>	<u>645,285</u>	<u>25,066</u>	<u>416,046</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	345,000	345,000	-	310,000
Interest	270,019	270,019	-	103,328
Fiscal Agent Fees	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>616,519</u>	<u>616,519</u>	<u>-</u>	<u>414,328</u>
Net Change In Fund Balance	3,700	28,766	25,066	1,718
<u>FUND BALANCE - BEGINNING</u>	<u>178,907</u>	<u>180,625</u>	<u>-</u>	<u>178,907</u>
FUND BALANCE - ENDING	<u>\$ 182,607</u>	<u>\$ 209,391</u>	<u>\$ 25,066</u>	<u>\$ 180,625</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Leon Valley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Leon Valley's overall financial health.

Contents

Tables

Financial Trends

1 through 5

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

6 through 11

These schedules contain information to help the reader assess the City's most significant revenue sources.

Debt Capacity

12 through 16

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

17 through 18

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

19 through 20

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF LEON VALLEY, TEXAS
NET POSITION, BY COMPONENT
LAST FIVE FISCAL YEARS

TABLE 1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 6,147,970	\$ 6,213,549	\$ 5,639,798	\$ 5,934,633	\$ 6,374,117
Restricted	193,145	132,581	101,101	101,677	157,074
Unrestricted	<u>3,707,802</u>	<u>4,180,108</u>	<u>4,686,001</u>	<u>4,708,814</u>	<u>6,496,088</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$10,048,917</u>	 <u>\$10,526,238</u>	 <u>\$10,426,900</u>	 <u>\$10,745,124</u>	 <u>\$13,027,279</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 3,635,029	\$ 3,897,305	\$ 4,138,854	\$ 3,998,041	\$ 3,867,460
Restricted	323,508	339,733	568,056	762,316	1,066,500
Unrestricted	<u>1,982,058</u>	<u>2,147,223</u>	<u>2,137,671</u>	<u>1,966,216</u>	<u>1,829,758</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 5,940,595</u>	 <u>\$ 6,384,261</u>	 <u>\$ 6,844,581</u>	 <u>\$ 6,726,573</u>	 <u>\$ 6,763,718</u>
<u>PRIMARY GOVERNMENT</u>					
Net Investment in Capital Assets	\$ 9,782,999	\$10,110,854	\$ 9,778,652	\$ 9,932,674	\$10,241,577
Restricted	516,653	472,314	669,157	863,993	1,223,574
Unrestricted	<u>5,689,860</u>	<u>6,327,331</u>	<u>6,823,672</u>	<u>6,675,030</u>	<u>8,325,846</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$15,989,512</u>	 <u>\$16,910,499</u>	 <u>\$17,271,481</u>	 <u>\$17,471,697</u>	 <u>\$19,790,997</u>

CITY OF LEON VALLEY, TEXAS
CHANGE IN NET POSITION
LAST FIVE FISCAL YEARS

TABLE 2

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>EXPENSES</u>					
<u>Governmental Activities</u>					
Administration	\$ 805,391	\$ 940,156	\$ 849,230	\$ 764,140	\$ 910,636
Public Safety	4,439,516	4,525,947	4,502,741	4,344,695	4,335,920
Public Works	1,535,333	1,624,573	1,715,642	1,714,581	1,140,612
Parks and Recreation	100,777	144,742	135,728	117,840	113,792
Library	281,725	274,701	264,260	322,688	322,587
Community Development	680,352	664,712	666,326	610,394	566,113
Capital Outlay	-	-	-	-	-
Interest on Long-Term Debt	187,862	122,184	117,639	107,645	275,120
Total Governmental Activities	<u>8,030,956</u>	<u>8,297,015</u>	<u>8,251,566</u>	<u>7,981,983</u>	<u>7,664,780</u>
<u>Business-Type Activities</u>					
Water and Wastewater Utilities	<u>2,357,800</u>	<u>2,631,544</u>	<u>2,796,812</u>	<u>3,218,973</u>	<u>3,282,774</u>
Total Primary Government Expenses	<u>10,388,756</u>	<u>10,928,559</u>	<u>11,048,378</u>	<u>11,200,956</u>	<u>10,947,554</u>
<u>PROGRAM REVENUES</u>					
<u>Governmental Activities</u>					
Charges for Service					
Administration	333,606	330,541	288,791	595,568	298,947
Public Safety	1,265,691	1,589,362	1,082,149	849,832	833,662
Parks and Recreation	12,145	15,010	16,790	16,186	15,544
Library	2,358	1,987	3,102	2,329	1,972
Community Development	133,177	97,399	118,723	119,382	97,193
Operating Grants and Contributions	127,151	9,953	49,602	117,275	82,626
Capital Grants and Contributions	<u>59,499</u>	<u>218,790</u>	<u>81,683</u>	-	<u>372,585</u>
Total Governmental Activities Program Revenues	<u>1,933,627</u>	<u>2,263,042</u>	<u>1,640,840</u>	<u>1,700,572</u>	<u>1,702,529</u>
<u>Business-Type Activities</u>					
Charges for Service					
Water and Wastewater Utilities	<u>2,638,172</u>	<u>2,840,701</u>	<u>3,115,598</u>	<u>3,039,389</u>	<u>3,291,009</u>
Total Primary Government Program Revenues	<u>4,571,799</u>	<u>5,103,743</u>	<u>4,756,438</u>	<u>4,739,961</u>	<u>4,993,538</u>

CITY OF LEON VALLEY, TEXAS
CHANGE IN NET POSITION (CONTINUED)
LAST FIVE FISCAL YEARS

TABLE 2 (CONTINUED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Net (Expense) Revenues</u>					
Governmental Activities	\$ (6,097,329)	\$ (6,033,973)	\$ (6,610,726)	\$ (6,281,411)	\$ (5,962,251)
Business-Type Activities	<u>280,372</u>	<u>209,157</u>	<u>318,786</u>	<u>(179,584)</u>	<u>8,235</u>
Total Primary Government Net Expenses	<u>(5,816,957)</u>	<u>(5,824,816)</u>	<u>(6,291,940)</u>	<u>(6,460,995)</u>	<u>(5,954,016)</u>
<u>GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION</u>					
<u>Governmental Activities</u>					
Taxes					
Property Taxes	3,573,352	3,552,821	3,522,321	3,550,430	3,834,233
Franchise Taxes	656,329	2,207,901	728,548	708,434	701,468
Sales Taxes	2,045,615	677,001	2,253,347	2,327,969	2,503,411
Interest and Investment Earnings	35,325	8,546	7,172	6,795	12,804
Miscellaneous	-	11,025	-	6,007	20,138
Transfers	-	54,000	-	-	-
Total Governmental Activities	<u>6,310,621</u>	<u>6,511,294</u>	<u>6,511,388</u>	<u>6,599,635</u>	<u>7,072,054</u>
<u>Business-Type Activities</u>					
Interest and Investment Earnings	14,634	4,444	3,827	3,374	2,579
Miscellaneous	32,953	44,575	56,453	35,609	5,914
Impact Fees	83,782	239,490	81,254	22,593	20,417
Transfers	-	(54,000)	-	-	-
Total Business-Type Activities	<u>131,369</u>	<u>234,509</u>	<u>141,534</u>	<u>61,576</u>	<u>28,910</u>
<u>CHANGES IN NET POSITION</u>					
Governmental Activities	213,292	477,321	(99,338)	318,224	1,109,803
Business-Type Activities	<u>411,741</u>	<u>443,666</u>	<u>460,320</u>	<u>(118,008)</u>	<u>37,145</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 625,033</u>	<u>\$ 920,987</u>	<u>\$ 360,982</u>	<u>\$ 200,216</u>	<u>\$ 1,146,948</u>

CITY OF LEON VALLEY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>GENERAL FUND</u>					
Reserved	\$ 57,230	\$ 101,374	\$ 100,730	\$ 99,626	\$ 163,442
Unreserved	2,349,579	2,490,428	2,544,748	2,557,994	2,713,567
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL GENERAL FUND	<u>\$2,406,809</u>	<u>\$2,591,802</u>	<u>\$2,645,478</u>	<u>\$2,657,620</u>	<u>\$2,877,009</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>					
Reserved	\$ 627	\$ 90,435	\$ 81,739	\$ 101,542	\$ 131,748
Unreserved, Reported in:					
Special Revenue Funds	543,198	318,269	509,282	707,371	1,251,752
Capital Project Funds	240,131	43,013	961	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 783,956</u>	<u>\$ 451,717</u>	<u>\$ 591,982</u>	<u>\$ 808,913</u>	<u>\$1,383,500</u>

Note: In 2011 the City implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The information for previous years has not been restated.

TABLE 3

2009	2010	2011	2012	2013
\$ 192,916	\$ 132,581	\$ -	\$ -	\$ -
3,930,887	3,066,450	-	-	-
-	-	50,745	51,278	54,278
-	-	49,551	49,642	101,977
-	-	800,000	800,000	900,000
-	-	56,642	14,135	139,135
-	-	2,352,926	2,400,386	2,456,717
<u>\$4,123,803</u>	<u>\$ 3,199,031</u>	<u>\$3,309,864</u>	<u>\$3,315,441</u>	<u>\$3,652,107</u>
\$ 154,429	\$ 165,926	\$ -	\$ -	\$ -
1,047,443	1,272,358	-	-	-
-	-	-	-	-
-	-	805	757	819
-	-	1,245,121	8,136,892	8,419,977
-	-	73,307	486,730	1,413,694
<u>\$1,201,872</u>	<u>\$ 1,438,284</u>	<u>\$1,319,233</u>	<u>\$8,624,379</u>	<u>\$9,834,490</u>

CITY OF LEON VALLEY, TEXAS
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>REVENUES</u>				
Property Taxes	\$ 2,582,903	\$ 2,664,930	\$2,923,544	\$3,134,228
Nonproperty Taxes	2,420,562	2,351,336	2,295,549	1,781,223
Grants/Intergovernmental	172,098	229,720	31,936	1,151,487
Licenses, Permits, Fees and Fines	1,566,754	1,462,806	1,838,194	1,085,494
CIED	-	-	-	-
Other	135,290	248,002	355,136	985,829
Total Revenues	<u>6,877,607</u>	<u>6,956,794</u>	<u>7,444,359</u>	<u>8,138,261</u>
<u>EXPENDITURES</u>				
Administrative	969,375	1,138,676	1,163,175	712,894
Public Safety	3,475,837	3,560,463	3,760,073	4,082,514
Public Works	1,044,722	1,287,075	1,276,101	1,235,456
Parks and Recreation	92,169	103,365	107,713	109,259
Library	232,888	238,836	239,354	233,607
Community Development	95,685	91,199	92,582	579,800
Capital Outlay	113,984	340,782	179,678	522,089
Debt Service				
Principal	235,000	250,000	260,000	265,000
Interest	207,426	196,242	196,690	167,569
Fiscal Agent Fees and Bond Issue Costs	1,350	2,000	2,300	1,000
Total Expenditures	<u>6,468,436</u>	<u>7,208,638</u>	<u>7,277,666</u>	<u>7,909,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>409,171</u>	<u>(251,844)</u>	<u>166,693</u>	<u>229,073</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	-	-	-
Transfers In	383,839	223,900	13,000	18,000
Transfers Out	(367,939)	(208,000)	(13,000)	(18,000)
Proceeds from Tax Notes	-	-	475,000	-
Proceeds from Bonds	-	-	-	-
Bond Premium	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	-
Payments to Refunding Bonds	-	-	-	-
Escrow Agent	-	-	(447,752)	-
Total Other Financing Sources (Uses)	<u>15,900</u>	<u>15,900</u>	<u>27,248</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 425,071</u>	<u>\$ (235,944)</u>	<u>\$ 193,941</u>	<u>\$ 229,073</u>
Debt Service as a Percentage of Noncapital Expenditures	6.96%	6.50%	6.43%	5.86%

TABLE 4

2008	2009	2010	2011	2012	2013
\$3,432,977	\$3,552,049	\$3,505,728	\$3,546,031	\$ 3,544,081	\$3,809,355
1,927,881	2,045,615	2,207,900	2,253,347	2,327,969	2,503,411
1,302,881	1,395,492	228,508	89,868	6,122	4,523
1,277,505	992,486	2,642,310	2,154,692	1,860,659	1,858,150
-	-	-	-	379,918	1,172,352
298,795	226,942	88,796	131,999	175,109	456,679
8,240,039	8,212,584	8,673,242	8,175,937	8,293,858	9,804,470
739,653	706,874	919,564	817,259	713,738	870,697
4,113,988	4,142,609	5,246,693	4,228,132	4,177,616	4,116,594
1,092,333	1,427,627	1,446,744	1,542,290	1,552,725	972,484
101,383	111,614	153,947	102,914	91,824	86,802
241,305	256,967	266,327	259,858	310,725	267,588
554,418	622,721	629,371	610,750	566,914	554,087
177,273	173,202	337,443	209,674	155,265	772,922
275,000	580,000	265,000	300,000	310,000	345,000
155,710	111,090	140,513	112,278	242,502	270,019
1,000	119,361	10,000	1,000	1,000	1,500
7,452,063	8,252,065	9,415,602	8,184,155	8,122,309	8,257,693
787,976	(39,481)	(742,360)	(8,218)	171,549	1,546,777
6,000	10,360	-	-	0	-
318,000	10,000	72,000	18,000	18,000	237,216
(318,000)	(10,000)	(18,000)	(18,000)	(18,000)	(237,216)
-	-	-	-	-	-
-	1,060,000	-	-	7,000,000	-
-	44,287	-	-	139,174	-
-	2,575,000	-	-	-	-
-	(2,585,000)	-	-	-	-
-	-	-	-	-	-
6,000	1,104,647	54,000	-	7,139,174	-
\$ 793,976	\$1,065,166	\$ (688,360)	\$ (8,218)	\$ 7,310,723	\$1,546,777
5.92%	8.55%	4.47%	5.17%	6.93%	8.22%

CITY OF LEON VALLEY, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY</u>	<u>SALES AND USE</u>	<u>OCCUPANCY</u>	<u>FRANCHISE</u>	<u>TOTAL REVENUE</u>
2004	\$2,582,902	\$1,788,803	\$ 97,288	\$ 534,471	\$5,003,464
2005	2,664,930	1,713,683	85,655	551,998	5,016,266
2006	2,923,544	1,602,192	96,507	596,851	5,219,094
2007	3,134,228	1,781,223	98,973	607,967	5,622,391
2008	3,432,977	1,927,881	92,357	639,332	6,092,547
2009	3,552,048	1,979,928	65,688	656,329	6,253,993
2010	3,505,728	2,141,199	66,701	677,001	6,390,629
2011	3,546,031	2,253,347	74,287	728,548	6,602,213
2012	3,544,081	2,327,969	82,409	708,434	6,662,893
2013	3,809,355	2,503,411	83,470	701,468	7,097,704

Note: Occupancy tax revenues have decreased due to the conversion of one hotel to apartments in 2004.

CITY OF LEON VALLEY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 6

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>RESIDENTIAL PROPERTY</u>	<u>COMMERCIAL PROPERTY</u>	<u>INDUSTRIAL PROPERTY</u>	<u>LESS: TAX-EXEMPT PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>
2004	\$312,279,955	\$244,242,621	\$2,467,634	\$39,010,640	\$519,979,570	0.502700
2005	314,184,627	237,061,366	2,211,035	40,898,560	512,558,468	0.517400
2006	334,283,756	246,833,519	1,965,230	40,042,855	543,039,650	0.537400
2007	380,457,461	252,192,158	1,774,770	53,686,457	580,737,932	0.537400
2008	436,832,864	272,798,655	4,728,530	67,753,134	646,606,915	0.527400
2009	454,788,574	281,431,232	5,600,760	66,158,755	675,661,811	0.527400
2010	468,647,503	281,076,061	5,246,600	62,354,128	692,616,036	0.527400
2011	456,646,017	280,720,343	5,025,705	66,555,963	675,836,102	0.527400
2012	455,927,780	266,406,857	5,103,401	50,361,878	677,076,160	0.535510
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.574282

Source: Bexar Appraisal District

Note: Property is assessed at the actual value; therefore the assessed values are equal to actual values.

Tax rates are per \$100 of assessed value.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 7

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATES</u>			<u>OVERLAPPING RATES</u>	
	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>TOTAL DIRECT</u>	<u>SCHOOL DISTRICT</u>	<u>BEXAR COUNTY</u>
2004	0.430700	0.072000	0.502700	1.762500	0.333671
2005	0.439834	0.077566	0.517400	1.762500	0.333671
2006	0.459560	0.077840	0.537400	1.775000	0.331190
2007	0.459560	0.077840	0.537400	1.592500	0.331190
2008	0.456560	0.070840	0.527400	1.262500	0.326866
2009	0.461560	0.065840	0.527400	1.302500	0.326866
2010	0.464029	0.063371	0.527400	1.337500	0.326866
2011	0.464029	0.063371	0.527400	1.365500	0.326866
2012	0.472701	0.062809	0.535510	1.375500	0.326866
2013	0.476752	0.097530	0.574282	1.375500	0.326866

Source: Information furnished by respective tax assessor.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

TABLE 8

TAXPAYER	2013			2004		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
H.E.B. Grocery	\$19,800,000	1	2.90%	\$ -	-	-
Ancira-Winton Chevrolet	15,406,580	2	2.26%	23,799,640	1	4.63%
Vista Del Rey	12,000,000	3	1.76%	11,369,270	5	2.21%
Leors Holdings	11,225,200	4	1.65%	-	-	-
Omninet Towers LP	10,150,000	5	1.49%	-	-	-
Barcelona Lofts LLC	9,600,000	6	1.41%	-	-	-
VR Shadow Valley Holdings	9,000,100	7	1.32%	-	-	-
Southwestern Bell	5,948,006	8	0.87%	13,618,400	3	2.65%
SA West Loop II Investors	5,450,000	9	0.80%	-	-	-
Forest Green Association	5,090,730	10	0.75%	-	-	-
Principal Life Insurance	-	-	-	18,000,000	2	3.50%
SCIC San Antonio	-	-	-	7,700,000	6	1.50%
Mill Place	-	-	-	6,385,000	9	1.24%
Gunn, CC	-	-	-	7,031,220	8	1.37%
E.W. Richardson	-	-	-	12,239,800	4	2.38%
Merrimas Associates	-	-	-	7,335,280	7	1.43%
Puget of Texas	-	-	-	5,391,330	10	1.05%
	<u>\$103,670,616</u>		<u>15.21%</u>	<u>\$112,869,940</u>		<u>21.96%</u>

Source: Bexar County Appraisal District

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CITY OF LEON VALLEY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 9

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>TAXES LEVIED FOR THE FISCAL YEAR</u>	<u>COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY</u>		<u>COLLECTIONS IN SUBSEQUENT YEARS</u>	<u>TOTAL COLLECTIONS TO DATE</u>	
		<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>		<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>
2004	\$2,582,499	\$2,547,413	98.64%	\$ 17,094	\$2,564,507	99.30%
2005	2,668,164	2,609,185	97.79%	18,908	2,628,093	98.50%
2006	2,918,741	2,877,326	98.58%	22,548	2,899,874	99.35%
2007	3,121,053	3,081,888	98.75%	28,636	3,110,524	99.66%
2008	3,411,529	3,374,003	98.90%	13,805	3,387,808	99.30%
2009	3,563,440	3,364,408	94.41%	27,257	3,391,665	95.18%
2010	3,570,525	3,450,690	96.64%	70,192	3,520,882	98.61%
2011	3,485,988	3,437,057	98.60%	29,241	3,466,298	99.44%
2012	3,553,034	3,485,684	98.10%	17,175	3,502,859	98.59%
2013	3,817,953	3,755,784	98.37%	-	3,755,784	98.37%

Source: Bexar County Tax Assessor Collector (TC168) and City of Leon Valley Finance Department.

CITY OF LEON VALLEY, TEXAS
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

<u>TYPE OF CUSTOMER</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Residential	164,301,622	177,750,433	225,793,960	156,780,956
Commercial	<u>131,347,112</u>	<u>133,164,020</u>	<u>141,720,115</u>	<u>124,891,408</u>
TOTAL	<u>295,648,734</u>	<u>310,914,453</u>	<u>367,514,075</u>	<u>281,672,364</u>
TOTAL DIRECT RATE PER 1,000 GALLONS	<u>\$ 0.85</u>	<u>\$ 0.88</u>	<u>\$ 0.91</u>	<u>\$ 0.91</u>

Source: City of Leon Valley Water Department

TABLE 10

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
208,492,994	215,785,825	178,416,148	228,768,000	201,840,600	189,931,000
<u>144,510,811</u>	<u>136,065,390</u>	<u>129,071,600</u>	<u>133,301,040</u>	<u>122,936,377</u>	<u>123,088,895</u>
<u>353,003,805</u>	<u>351,851,215</u>	<u>307,487,748</u>	<u>362,069,040</u>	<u>324,776,977</u>	<u>313,019,895</u>
<u>\$ 0.93</u>	<u>\$ 0.96</u>	<u>\$ 0.99</u>	<u>\$ 1.02</u>	<u>\$ 1.05</u>	<u>\$ 1.08</u>

CITY OF LEON VALLEY, TEXAS
WATER AND SEWER RATES
LAST TEN FISCAL YEARS

TABLE 11

<u>FISCAL YEAR</u>	<u>WATER</u>		<u>SEWER</u>	
	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>
2004	\$ 7.40	\$ 0.85	\$ 9.75	\$ 3.21
2005	7.62	0.88	11.03	3.94
2006	7.62	0.91	11.03	3.94
2007	7.85	0.91	11.36	4.06
2008	8.08	0.93	11.70	4.18
2009	8.32	0.96	12.05	4.31
2010	8.57	0.99	12.41	4.43
2011	8.83	1.02	12.78	4.57
2012	9.09	1.05	13.16	4.70
2013	9.36	1.08	13.55	5.27

Note: Rates are based on 5/8" meter, which is the standard household meter size.

CITY OF LEON VALLEY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITY		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME*	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	CERTIFICATES OF OBLIGATION	TAX NOTES	CAPITAL LEASES	REVENUE BONDS	CERTIFICATES OF OBLIGATION			
2004	\$ 3,615,000	\$ -	\$ -	\$ 565,000	\$ 33,174	\$ 235,000	\$ -	\$ 4,448,174	2.21%	\$ 481
2005	3,425,000	-	-	505,000	-	155,000	-	4,085,000	2.03%	442
2006	3,705,000	-	-	-	-	-	-	3,705,000	1.84%	401
2007	3,440,000	-	-	-	-	-	-	3,440,000	1.71%	372
2008	3,165,000	-	-	-	-	-	-	3,165,000	1.58%	343
2009	2,575,000	1,060,000	-	-	-	-	-	3,635,000	1.81%	393
2010	2,340,000	1,030,000	-	-	-	-	-	3,370,000	1.68%	365
2011	2,080,000	990,000	-	-	-	-	-	3,070,000	1.12%	279
2012	8,810,000	950,000	-	-	-	-	-	9,760,000	3.60%	898
2013	8,505,000	910,000	-	-	-	-	-	9,415,000	3.47%	866

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population and personal income data can be found in Table 16.

CITY OF LEON VALLEY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	TOTAL			
2004	\$3,615,000	\$ -	\$3,615,000	\$ 519,979,570	0.70%	\$ 391
2005	3,425,000	-	3,425,000	512,558,468	0.67%	371
2006	3,705,000	-	3,705,000	543,039,650	0.68%	401
2007	3,440,000	-	3,440,000	580,737,932	0.59%	372
2008	3,165,000	-	3,165,000	646,606,915	0.49%	343
2009	2,575,000	1,060,000	3,635,000	675,661,811	0.54%	393
2010	2,340,000	1,030,000	3,370,000	692,616,036	0.49%	365
2011	2,080,000	990,000	3,070,000	675,836,102	0.45%	302
2012	8,810,000	950,000	9,760,000	677,076,160	1.44%	898
2013	8,505,000	910,000	9,415,000	681,878,582	1.38%	866

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population data can be found in Table 16.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS

TABLE 14

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE*</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Alamo CCD	\$ 521,241,291	0.75%	\$ 3,909,310
Bexar County	514,034,876	0.75%	3,855,262
Bexar County Hospital District	722,025,892	0.75%	5,415,194
Northside Independent School District	1,790,178,184	2.05%	36,698,653
San Antonio RA	30,680,000	0.65%	<u>199,420</u>
Subtotal, Overlapping Debt			50,077,838
Leon Valley Direct Debt			<u>9,579,811</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$59,657,649</u>

Source: Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in Leon Valley. This process recognizes that, when considering Leon Valley's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within Leon Valley's boundaries and divided it by the County's total taxable assessed value.

CITY OF LEON VALLEY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013

Assessed Value	\$ 681,878,582
*Debt Limit (10% of Assessed Value)	68,187,858
Bonds and Certificates of Obligation	9,415,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>209,392</u>
Total Net Debt Applicable to Limit	<u>9,624,392</u>

ECONOMIC DEBT MARGIN \$58,563,466

	<u>FISCAL</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 51,997,957	\$ 51,255,847	\$ 54,303,965	\$ 58,073,793
Total Net Debt Applicable to Limit	<u>4,090,301</u>	<u>3,338,646</u>	<u>3,840,998</u>	<u>3,338,457</u>
LEGAL DEBT MARGIN	<u>\$ 47,907,656</u>	<u>\$ 47,917,201</u>	<u>\$ 50,462,967</u>	<u>\$ 54,735,336</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.87%	6.51%	7.07%	5.75%

* Texas statutes do not prescribe a debt limit: However, by custom a practical debt limit of 10% of the assessed valuation is used.

TABLE 15

YEAR					
2008	2009	2010	2011	2012	2013
\$ 64,660,692	\$ 67,561,181	\$ 69,261,604	\$ 67,583,610	\$ 67,707,616	\$ 68,187,858
<u>3,063,457</u>	<u>3,480,571</u>	<u>3,200,964</u>	<u>3,191,096</u>	<u>9,579,375</u>	<u>9,624,392</u>
<u>\$ 61,597,235</u>	<u>\$ 64,080,610</u>	<u>\$ 66,060,640</u>	<u>\$ 64,392,514</u>	<u>\$ 58,128,241</u>	<u>\$ 58,563,466</u>
4.74%	5.15%	4.62%	4.72%	14.21%	14.11%

CITY OF LEON VALLEY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 16

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2004	9,239	\$200,883,577	\$ 21,743	38.10	3,337	6.4%
2005	9,239	200,883,577	21,743	38.10	3,394	5.7%
2006	9,239	200,883,577	21,743	38.10	3,181	4.5%
2007	9,239	200,883,577	21,743	38.10	3,784	4.0%
2008	9,239	200,883,577	21,743	38.10	3,790	5.0%
2009	9,239	200,883,577	21,743	38.10	3,850	7.0%
2010	9,239	200,883,577	21,743	38.10	3,850	7.0%
2011	10,866	270,954,576	24,936	40.00	3,752	7.3%
2012	10,866	270,954,576	24,936	40.00	4,130	6.0%
2013	10,866	270,954,576	24,936	40.00	4,130	6.0%

Sources: Population, Per Capita Income and Median Age information provided by the United States Census Bureau. School enrollment information provided by the Northside Independent School District. Unemployment rate provided by the Texas Workforce Commission.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 17

EMPLOYER	2013			2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Lackland Air Force Base	37,097	1	23.64%	N/A	N/A	N/A
Fort Sam Houston-U.S. Army	32,000	2	20.39%	N/A	N/A	N/A
USAA	15,000	3	9.56%	N/A	N/A	N/A
H-E-B Food Stores	14,588	4	9.30%	N/A	N/A	N/A
Northside I.S.D.	12,751	5	8.12%	N/A	N/A	N/A
Randolph Air Force Base	11,088	6	7.07%	N/A	N/A	N/A
North East I.S.D.	10,522	7	6.70%	N/A	N/A	N/A
City of San Antonio	9,145	8	5.83%	N/A	N/A	N/A
San Antonio I.S.D.	7,000	9	4.46%	N/A	N/A	N/A
Methodist Healthcare System	<u>7,747</u>	10	<u>4.94%</u>	N/A	N/A	N/A
TOTAL	<u>156,938</u>		<u>100.01%</u>			

The City of Leon Valley is surrounded by the City of San Antonio and no data is available for the employers in Leon Valley. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

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CITY OF LEON VALLEY, TEXAS
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
FISCAL YEAR ENDED SEPTEMBER 30,

TABLE 18

Full-Time Equivalent Employees as of September 30,

<u>FUNCTION</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Business Office	4.10	3.40	3.40	3.10	3.10	2.80	2.80	2.75	1.75	1.60
Finance	2.80	2.80	2.80	2.80	2.80	2.40	2.40	2.20	2.20	2.00
Manager and Council	2.80	2.80	2.80	2.80	2.80	2.40	2.40	2.30	2.30	2.00
*Police										
Officers	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	24.00	23.00
Civilians	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
*Fire										
Civilians	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Firefighters and Officers	28.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00
Public Works	15.25	15.25	15.25	15.25	14.75	14.75	14.75	14.05	13.09	12.60
Community Development	3.80	3.90	3.90	3.20	4.00	4.00	4.00	3.92	3.52	3.35
Economic Development	-	-	-	1.20	1.20	1.20	1.50	1.65	2.00	2.00
Parks	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Library	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Community Center	1.80	1.55	1.55	1.60	2.10	2.10	2.10	1.85	0.60	1.60
Water and Sewer	<u>11.05</u>	<u>11.75</u>	<u>11.75</u>	<u>12.05</u>	<u>12.96</u>	<u>12.96</u>	<u>12.96</u>	<u>14.88</u>	<u>16.04</u>	<u>18.35</u>
 TOTAL	 <u>106.10</u>	 <u>104.95</u>	 <u>104.95</u>	 <u>105.50</u>	 <u>107.21</u>	 <u>106.11</u>	 <u>106.41</u>	 <u>107.10</u>	 <u>106.00</u>	 <u>106.00</u>

Source: City Annual Budget

*Does not include reserves.

CITY OF LEON VALLEY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	FISCAL			
	2004	2005	2006	2007
Police				
Traffic Violations	13,508	16,067	14,033	12,408
Arrests	1,038	1,173	1,489	1,230
Fire				
Fire Calls	681	703	703	805
EMS Calls	859	881	960	961
Inspections	771	898	1,094	1,282
Public Works				
Street Resurfacing (Miles)	4.5	4.5	5.0	0.5
Sidewalk Construction (Feet)	700	700	700	500
Library				
Reference Questions	2,859	3,159	3,142	3,142
Internet Sessions	4,385	5,058	6,336	6,336
Library Acquisitions	2,092	1,704	1,281	1,281
Water				
Service Connections	2,120	2,110	2,177	2,255
Average Daily Consumption	809,997	861,904	1,006,096	1,011,527
Sewer				
Service Connections	2,035	2,031	2,098	2,272
Average Daily Treatment of Gallons	1,000,000	713,639	748,112	664,496

Source: Various city departments.

TABLE 19

YEAR					
2008	2009	2010	2011	2012	2013
15,397	11,459	11,611	10,278	8,204	4,559
1,355	1,194	1,279	1,050	837	635
821	793	786	931	765	712
953	1,028	1,051	1,062	1,038	1,174
1,299	1,167	1,351	1,290	1,256	1,022
-	5.9	5.4	8.4	-	7.7
500	500	1,463	682	1,621	682
6,056	6,083	6,000	6,897	5,868	5,287
6,320	7,483	7,354	7,226	18,242	16,882
1,857	3,487	4,861	3,323	2,953	2,912
2,369	2,444	2,469	2,508	2,523	2,526
967,133	963,975	842,432	1,005,747	889,800	857,588
2,440	2,306	2,387	2,428	2,551	2,441
863,347	793,443	989,705	748,356	705,557	687,267

CITY OF LEON VALLEY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 20

FUNCTION	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
* Officers	25	25	25	24	24	24	24	24	23	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	28	27	27	27	27	27	27	27	26	26
Culture and Recreation										
Community Centers	2	2	2	2	2	2	2	2	2	2
Parks	1	1	1	1	1	1	1	1	1	1
Park Acreage	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Libraries	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	38.2	38.2	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Water										
Miles of Water Mains	38.2	38.2	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Number of Hydrants	198	198	208	208	208	208	208	208	208	208
Sewer										
Miles of Sanitary Sewers	45.5	45.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5
Feet of Storm Sewers	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

Source: Various city departments.

* Includes Warrants Officer(s) from the Court.

COMPLIANCE SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members
of the City Council
City of Leon Valley, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Leon Valley, Texas', basic financial statements and have issued our report thereon dated February 10 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Leon Valley, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Leon Valley, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Leon Valley, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Leon Valley, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBIP, P.C.

Certified Public Accountants

San Antonio, Texas

February 10, 2014